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China Report

ECONOMIC AFFAIRS

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15 JULY 1986

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NATIONAL POLICY AND ISSUES

IMPLEMENTING PATENT SYSTEM SEEN PROMOTING MODERNIZATION

Beijing GUANGMING RIBAO 29 Dec 85 p 1

[Commentator's article: "Implementing the Patent System Will Promote the Four Modernizations; Congratulations on the Issue of the First Batch of Chinese Patent Certificates"]

[Text] After 9 months of assessments and examinations, China's Patent Bureau yesterday issued the first batch of Chinese patent certificates. This is a joyous occasion in the history of China's scientific and technological development and demonstrates a substantial step forward in China's patent undertakings. It also demonstrates that China's patent undertakings have arrived at a new stage of development. We wish to congratulate here most warmly the first batch of 143 recipients of Chinese patents!

In the very short time of only 9 months since the Chinese patent law came into force in April of this year, more than 100 patent projects have been examined and approved; this is a rare achievement in the world's history of the development of industrial property rights. It is indicative of the vast reservoir of inventive and creative strength in the Chinese people, and also testifies to the fact that establishing a patent system in China and drawing up a patent law conforms to a need in China's scientific, technological and economic development.

The reform of the scientific and technological system made it increasingly clear to the Chinese people that technology, in the same way as material commodities, has value and use value. Granting the exclusive rights to scientific inventions means acknowledging that the result of creative intellectual work is also a kind of an asset, which must receive protection in law. Granting exclusive rights to valuable inventions is bound to help spur on scientific and technological personnel to bring their intelligence and wisdom into play and to exert greater enthusiasm for contributions toward the four modernizations; it will also be helpful to improve implementation of the policy toward the intellectuals, and will be beneficial for the introduction of foreign advanced technologies and for opening up domestic markets for technologies.

The purpose of implementing a patent system is not merely to issue patent certificates, but rather to accelerate the transformation of the patented

technologies into productive forces. Following the issue of patents, the organs in charge of patent administration at all levels, all agencies and service organizations must therefore grasp enforcement of patent rights as an important task, and by every means at their disposal have the patented technology serve the construction of the national economy as quickly as possible. The organs in charge of patent administration at all levels, as well as judicial organs and relevant departments, must all strengthen propaganda of the patent law, strengthen the concept of the legal system of industrial property rights among enterprises and among all units that use inventions, and must prevent the occurrence of patent infringements. This is the only way in which we can consolidate the newly created patent system, promote the spread and use of inventions, and promote the development of China's science, technology and the four modernizations.

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PROVINCIAL AFFAIRS

ANHUI GOVERNOR ADDRESSES ECONOMIC REFORM MEETING

OW171400 Hefei ANHUI RIBAO in Chinese 4 Jun 86 p 1

[Dispatch by reporters Yang Yusheng and Ma Biling]

[Text] A 4-day provincial meeting on economic structural reform ended yesterday in Hefei. The meeting conveyed the guidelines set at the national conference on reform of the urban economic structure and, in particular, discussed the work of developing lateral economic cooperation and supplementary regulations on further promoting economic associations enacted by the provincial government.

The meeting was attended by responsible comrades of the provincial CPC Committee, the Provincial Advisory Commission, the provincial People's Congress Standing Committee, the provincial government, and the provincial CPPCC Committee.

Comrade Zhang Dawei spoke immediately after the opening of the meeting. He relayed the guidelines set at the national conference on reform of the urban economic structure and, based on the actual situation in our province, put forth opinions on eight questions, including the development of lateral economic cooperation, the correct attitude toward the new situations and problems arising in the course of reform and the proper handling of these situations and problems, as well as the demarcation line between invigoration of the economy and unhealthy trends.

In his summing-up report at the meeting, Comrade Wang Yuzhao said: During the Sixth 5-Year Plan, our province made ceaseless and in-depth efforts to develop lateral economic cooperation under the guidance of the policy of enlivening the domestic economy and opening to the outside world. Now our province has established cooperative relations with 52 provinces, municipalities, and autonomous regions. Within our province, we have formed a variety of economic association networks, including those for interarea, interdepartmental, and intercity cooperation and those linking cities with the countryside, enterprises with other enterprises, enterprises with scientific research units and institutions of higher learning, and military industrial enterprises with enterprises making civilian products. The development of our province's lateral economic cooperation has several characteristics: First, lateral economic cooperation is progressing toward long-term stable development.

Specifically, it is developing from temporary and one-time cooperation focusing on the exchange of supplies to the establishment of a relatively stable partnership. It is developing from joint projects regarding the use of energy and raw and semifinished materials to all-round cooperation and exchange in the use of funds, technology, materials, personnel, and information. And it is developing from scattered cooperative projects carried out by the people to comprehensive and well-planned association. Second, cooperation among enterprises in developing toward the production of well-known, high-quality, new, and special products. At the beginning, all enterprises and departments put great emphasis on boosting production capacity when formulating cooperative projects. Now attention has been gradually shifted to tapping internal potentials and upgrading technology so as to improve the quality of enterprises and enhance the competitiveness of their products. Most of the new economic association arrangements are made for the production of well-known, fine-quality, new, and special products. Third, regional association and cooperation have been strengthened. To develop multilayered and all-round association, open-type regional economic networks of various scales, each with its distinctive characteristics, have been established around central cities in some localities during the past 2 years. This has promoted multilateral association among enterprises, accelerated the rational exchange of funds, technology, and personnel, and motivated the economic development of remote regions and poor mountainous areas. Fourth, technological cooperation has become the principal part of lateral economic cooperation. Fifth, while developing associations, ceaseless efforts have been made to explore markets and beef up these associations. Simultaneously with the acquisition of funds, technology, and personnel from coastal areas, efforts have been made to seek new association partners. As a result of these efforts, lateral economic ties have been established with some localities in the northwest, southwest, north, and northeast.

After elaborating on the vital importance of lateral economic cooperation, Comrade Wang Yuzhao stressed the need to take into consideration the actual situation in various localities and to display a pioneering spirit in carrying out the guidelines set at the national conference on reform of the urban economic structure. He said that emphasis should be put on the following tasks:

Continue to streamline administration and to delegate power to lower levels so as to ensure that enterprises exercise their decision-making power in conducting lateral economic cooperation. We should pay close attention to expanding the power of enterprises and make this work perfect. We should see to it that our enterprises are able to participate, according to their own will, in various lateral economic cooperation organizations in a way acceptable to them by using their available funds, technology, personnel, equipment, installations, and various means of production and operation on the basis of equality, voluntariness, mutual benefit, and common development. In addition, it is necessary to grasp firmly the liquidation and reorganization of those companies that actually function as administrative departments and to unswervingly carry out the system of having the plant director (manager) assume full responsibility.

Remove the barriers among departments and among regions and develop socialized large-scale production. The competent departments and localities must refrain from unreasonable administrative intervention in enterprises out of partial or local interests. They should not restrict, obstruct, or create difficulties for enterprises affiliated to them or in areas under their jurisdiction in developing or suspending associations with counterparts in other regions. Efforts should be made to carry out supplementary reform measures.

Further relax policy restraints. It is necessary to change policies and regulations unfavorable to lateral economic associations, and to formulate a number of specific policies and measures supporting and protecting lateral economic associations to ensure their smooth development.

Enhance the capacity of key cities to fan out. We must cross the limites of "urban proper," keep in mind the overall economic development of areas around key cities, and fully exploit the existing and potential strong points of both cities and the countryside to create overall social and economic benefits.

Develop and improve the unified socialist market. We should make vigorous efforts to lift restrictions with regard to commodities, capital, technology, and personnel; expand lateral circulation channels; and create conditions for enterprises to carry out commodity production and business activities in a wider area.

In conclusion, Governor Wang Yuzhao said: In developing lateral economic associations, we will encounter many problems involving the management systems and economic interests of enterprises. We must exercise effective leadership, make rational plans, and earnestly solve those problems that crop up in the course of developing lateral associations to ensure and push forward the healthy, deepgoing development of lateral economic associations. He pointed out that prefectures, cities, and counties should all set up and strengthen organs in charge of reform of the economic structure and cooperation. Governments and economic administrative departments at all levels should place the development of lateral economic associations high on their agenda, and should study, inspect, and supervise this work on a regular basis. They should strengthen planning and guidance over lateral economic associations and offer coordination services for them in real earnest.

Also attending the meeting were officials of prefectural administrative offices, cities, counties, prefectural and city planning commissions, economic commissions, and economic coordination offices; economic structural reform offices, including economic structural reform offices of 22 pilot counties for carrying out comprehensive reform of the economic structure, and liaison personnel assigned by the province to those counties; and officials of the relevant provincial departments and bureaus. Some department and enterprise officials from Hefei, Bengpu, Fuyang, and other localities exchanged their experience in developing lateral economic associations at the meeting.

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15 July 1986

PROVINCIAL AFFAIRS

GUANGXI'S CHEN HUIGUANG DISCUSSES LEARNING FROM GUANGDONG

HK180255 Nanning Guangxi Regional Service in Mandarin 1000 GMT 15 Jun 86

[Excerpts] The regional CPC Committee and regional people's government held a report meeting yesterday morning. Regional CPC Committee Secretary Chen Huiguang, who had recently and personally led a Guangxi study and visiting group to Guangdong for the purpose of study, introduced the situation and experience of Guangdong. He said to the comrades present at the meeting: In conjunction with our region's practical situation, we must use the advanced experience of Guangdong for reference and strive to invigorate Guangxi's economy.

The report meeting was presided over by Regional CPC Committee Deputy Secretary Tao Aiying. Attending the meeting were He Youjia and Zhong Jiasuo, regional CPC Committee Standing Committee members; Lin Kewu, regional people's congress Standing Committee vice chairman; and Wang Rongzhen, regional people's government vice chairman. Others attending the meeting were responsible comrades of the departments, commissions, offices, and bureaus at the regional level and all representatives who were attending the regional conference in Nanning on economic work.

Chen Huiguang first introduced the experience of Guangdong Province in implementing the special policies and flexible measures given them by the central authorities and the situation in profound changes in the province's economic construction and social outlook.

1. The speed of development has been fast. During the Sixth 5-Year Plan period, the national economy continuously and steadily increased, the whole province's gross industrial and agricultural output value recorded an average increase of 13.6 percent each year and its gross social output value, gross national product, and financial revenue increased by an average of over 13 percent each year.

2. The agricultural economy has been invigorated. They took the road of integrating the development of trade, industry, and agriculture. Under the premise of guaranteeing grain production, commerce, trade, industrial and mining enterprises, and agriculture were simultaneously promoted.

3. New projects have been quickly started. While visiting various places, we saw that many enterprises were simultaneously being built, installed, and put into operation.

4. The stamina for development has been great. Guangdong Province's economic foundation was relatively solid. The speed of development during the Sixth 5-Year Plan period exceeded the national average level and exceeded our region's level by nearly 100 percent. During the Seventh 5-Year Plan period, the speed of development will be higher than the national average level. They have made more investments and the new increases in their installed generating capacity are also very big. This is the reason for the great stamina of Guangdong's development.

In dealing with Guangdong's basic experience, in his report, Chen Huiguang expounded the following four aspects:

1. The focal point of work is unswervingly shifted onto economic work and construction is embarked on with one heart and one mind. CPC committees and governments at all levels of Guangdong Province have implemented the line, principles, and policies very resolutely and promptly since the 3d Plenary session of the 11th CPC Central Committee. In 1979 and 1980, they completed the historical task of bringing order out of chaos. The province has carried out a series of reforms on its economic front and in practical work, constantly eliminating leftist influence. Ranging from the provincial authorities to the grassroots and from cadres to the masses, they are now thinking about, talking about, and doing economic work.

2. Proceeding from realities and taking such measures as are suited to local conditions, they grasp economic construction. Guangdong's experience in this aspect is very successful. For example, regions along the coast pay great attention to the study of, and make use of the advantageous situation, bordering on Hong Kong and Macao in order to vigorously engage in doing assembly work with parts supplied by foreign firms, in doing processing work with materials or parts supplied by foreign firms, and in compensation trade. Places which have many Overseas Chinese try in every possible way to absorb foreign capital through the Overseas Chinese. Mountainous areas concentrate their attention on bringing their advantages in resources into play. Luoding County, which was originally relatively poor, has given play to its advantages, resulting in promoting rapid economic development. This is a very convincing example.

3. They take flexible measures to creatively implement the party's policies. Their party organizations at all levels do not indiscriminately copy the provisions of the policies of the Central Authorities but pay attention to understanding the general spirit of the party's policies and implement them in the light of their practical situation. For example, in the issue of enterprise ownership, in accordance with the policy of coexistence of the state, collective, and individual economy, which is permitted by the state, over the past few years, many prefectures, cities, and counties have vigorously developed enterprises under collective ownership, in addition to the enterprises in which the state and province have invested. Economic results are very good.

4. They vigorously make investment and lay stress on economic results. Guangdong has scored many successes in this aspect and it is worth our learning from the following:

First, the methods of investment are numerous. In addition to the higher level investment by the Central Authorities, the province uses many methods, including mainly absorbing foreign capital, relying on loans, developing internal economic associations, and raising of funds by the masses, to open up the means of investment.

Second, all departments are closely coordinated with one another. They make concerted efforts to make investment.

Third, power is delegated to lower levels and the number of links is reduced to prevent the movement of documents.

Fourth, the focal points are guaranteed. When they make investments, they pay attention to guaranteeing the key areas and key projects.

After that, Chen Huiguang put forward specific views on how to learn from Guangdong's experience and how to speed up the invigoration of Guangxi's economic construction:

1. It is necessary to further unify thinking and understanding. When we visited Guangdong this time, we found the difference and, at the same time, also saw that Guangxi's natural resources are abundant. The problem is that we have not exploited our resources and transformed them into commodity advantages. We started grasping the economy several years later than Guangdong did. We must not be self-abased. We must be confident, further eliminate and overcome the leftist pernicious influence and the influence of the force of habit of the natural economy, uphold the political situation of stability and unity, really shift the focal points of our work onto the four modernizations, further emancipate our minds, vigorously develop commodity production, and invigorate Guangxi's economy. The Regional CPC Committee is ready to hold another discussion meeting on economic reform in August, to sum up experiences and lessons of the past few years, to unify our thinking, to enhance our understanding, and to shift the focal point of our work still better.

2. It is strategically essential to give prominence to the focal point. All prefectures, departments, and enterprises must firmly establish the idea of developing the commodity economy. We must give guidance according to different situations and speed up the economic development of five cities and the areas along the coast and in the southeast part of Guangxi. This is a strategic focal point in invigorating Guangxi's economy. At the same time, we must not relax our efforts to develop the areas in the west and northwest parts of Guangxi and must work hard to solve the problems of clothing and food. We must also start all development projects in a planned way and build up forces for large-scale development.

3. It is essential to implement flexible policies. In terms of principle, must firmly implement all policies of the central authorities. In terms of

method, it is necessary to persist in proceeding from reality and to be creative and flexible. After full discussion and study, the regional CPC Committee and regional government revised 12 points on invigorating the economy, which must be resolutely and seriously carried out.

4. It is imperative to firmly grasp the key measures in the aspect of economic management. First, we must firmly grasp investment work. Without investment, there is no output. We must try to reserve more money for enterprises and localities so as to strengthen their ability to transform themselves. Financial departments, must give full play to their role and put more funds into circulation. The reserve funds of all enterprises and institutions and the money of all localities must be flexibly regulated and used in production and construction. Through developing lateral economic ties, we can raise funds, develop stock business, and utilize the funds of departments of the central authorities, other provinces and regions, and society. We must also try in every possible way to absorb foreign capital, including the utilization of international bank loans. Second, we must import advanced technology. Due to the fact that the equipment of our factories and mines is outmoded, our technologies backward, and the quality of our products is poor, it is very urgent to speed up technological transformation. Third, we must firmly grasp construction speed and economic results. All enterprises must put economic results above everything else.

5. Leaders must wholeheartedly serve the grassroots. During the Seventh 5-Year Plan period, leadership organs at the regional level and at all levels must wholeheartedly serve reform and the grassroots. They must improve their work style, enhance their work efficiency, give play to the functional role of departments, and strengthen the unity and cooperation of departments.

In conclusion, Chen Huiguang said: So long as we strengthen unity and close coordination, emancipate our minds, work in a down-to-earth manner, strengthen technological cooperation with Guangdong Province, and vigorously develop lateral economic ties with our fraternal provinces and regions, including Jiangsu, we stand a good chance of invigorating Guangxi's economy.

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PROVINCIAL AFFAIRS

SHANDONG REPORT ON 1986 ECONOMIC, SOCIAL DEVELOPMENT ISSUED

SK130414 Jinan SHANDONG RIBAO in Chinese 24 May 86 pp 2, 3

["Excerpts" of the report on Shandong Province's draft plan for economic and social development, delivered by Wang Xin, chairman of the provincial Planning Commission, at the Fourth Session of the Sixth Shandong Provincial People's Congress on 10 May]

[Text] 1. Implementation of the 1985 Plan

In 1985, under the leadership of the provincial CPC Committee and the provincial people's government, the people of the province conscientiously implemented the series of the important policies and decisions of the CPC Central Committee and the State Council, and strengthened the macroeconomic control and management in the course of continually implementing the principles of invigorating the domestic economy and opening up to the outside world, thus solving some dislocation problems in economic development, scoring remarkable achievements, and enabling the national economy as a whole to develop toward sound orientation. Generally speaking, implementation of the 1985 plan was very good, and most targets set by the third session of the Sixth Provincial People's Congress in 1985 were fulfilled or overfulfilled. The rural economy developed comprehensively. In 1985, the total social product of the rural areas amounted to 56.03 billion yuan, up 12.9 percent over the previous year. Grain output was planned at 30 million tons, but actually reached 31.375 million tons, or 975,000 tons more than the previous year. Cotton output was planned at 1.12 million tons, but actually reached 1.062 million tons, or 663,000 tons less than the previous year, being put under control basically in line with the plan. Peanut output was planned at 2.25 million tons, but actually reached 2.621 million tons, or 821,500 tons more than the previous year. The output of flue-cured tobacco was planned at 180,000 tons, but actually reached 287,000 tons, or 107,000 tons more than the planned figure. The total output value of the rural industry amounted to 13.8 billion yuan, a 40-percent increase over the previous year. Township and village enterprises had a total employment of 6.5 million workers, accounting for 22 percent of the rural labor force, and becoming the pillar of the rural economy. The overly high growth rate of industrial production was kept under control, and economic efficiency was raised somewhat. The total industrial output value in 1985 was 54.06 billion yuan, up 18.5 percent over the previous year. Of this, the output value of light industry increased by 18.4 percent. Substantial

increases were made in the output of energy resources, major raw materials, machine tools, electric products, and durable consumer goods. The total output value of state-run industrial enterprises covered by the budget increased by 13.4 percent over the previous year; income from sales of these enterprises increased by 19.8 percent; profits earned and tax turned over by these enterprises increased by 25.8 percent; and the economic efficiency of these enterprises increased by a margin larger than the industrial growth rate. The investment in the fixed assets at 2.65 billion yuan, but the real investment came to 2.48 billion yuan, being controlled under the state-assigned plan. The tasks for the 11 key construction projects of the province were all overfulfilled. The newly added major production capacity of the province was: 440,000 tons of coal; 6 million tons of crude oil; 312,000 kw of installed capacity of generating units; 315 km of new railways; and 211.5 million tons of port handling capacity. The urban and rural markets were brisk, and the economic relations with foreign countries and foreign trade were further expanded. The plan called for increasing the 1985 retail sales by 10.5 percent over the previous year, but actually it reached 27.19 billion yuan, an increase of 15.5 percent over the previous year. Among the total retail sales, retail sales of consumer goods increased by 19.2 percent; the urban and rural country fair trade expanded continually; and the commodity transaction volume reached 4.39 billion yuan, up 26.8 percent over the previous year. In terms of foreign trade, the total value of commodities procured for export in 1985 amounted to 4.88 billion yuan, up 32.6 percent over the previous year, while the plan called for a 15.5-percent increase in this regard. Relatively big increases were made in the export volume of grain, livestock products, local and special products, light and textile industrial products, chemical industrial products, hardware products, and mineral products. A 10-percent increase was planned for the total value of foreign exchange earned by exports, but the province actually earned \$2.66 billion, a 16.5-percent increase over the 1984 figure. In 1985, the province signed new contracts for 237 items of joint-venture and cooperative business and actually spent \$63.75 million, a 2.9-time increase over the 1984 figure. Financial revenues greatly increased and a balance between revenues and spendings was maintained in the year. The final account of the provincial financial revenues reached 6.753 billion yuan, a 22.55-percent increase over the 1984 figure calculated in term of comparable items, surpassing the increase scored by the industrial and agricultural production. Financial spendings reached 5.658 billion yuan, (including the 528 million yuan of special funds transferred to 1986). Of these spendings, those covered by the budget reached 4.045 billion yuan, a 26.8-percent increase over the 1984 figure calculated in term of comparable items. According to unified statistics, the province maintained a balance between revenues and spendings and had 179 million yuan of surplus.

Under the new situation in which the drive to conduct reforms and to enforce the policy of opening to the outside in order to enliven the domestic economy has been carried out, the undertakings of science and technology, education, culture, public health, physical culture and sports, journalism, publication, and radio and television broadcasting have achieved greater development. The province scored 1,196 items of major scientific research results, an increase of 199 items over the 1984 figure. Of these results, 41 reached the world advanced standards and 566 reached the national advanced

standards. All of these have promoted the progress in the national economy and technology. The provincial general higher educational institutions enrolled 23,500 students, an increase of more than 5,000 over the 1984 figure.

The fulfillment of the 1985 plan has laid a solid foundation for smoothly fulfilling the Seventh 5-Year Plan. However, in implementing the 1985 plan, there were still prominent problems that should be dealt with as follows: 1) Since the fourth quarter of 1985, the increase rate of industrial production has shown a very sharp drop, and some new restrictive factors have cropped up in economic development. 2) The scope of investment in fixed assets in the society was still on the larger side because of the excess channels of investment, the inadequate managerial system, and the failure of bringing many projects into line with the plan although the measures were adopted to bring under control the investment in fixed assets. 3) Funds needed by production and construction were more strained. In particular, circulating funds still could not satisfy the regular demands of enterprises. 4) The administrative expenses and the social institutional consumption showed an excessively rapid increase. Some organs, enterprises, establishments, and units committed serious malpractices of spending money arbitrarily and indulging in extravagance and waste. All of these problems should be earnestly dealt with in formulating the 1986 plan.

2. The Main Tasks and Targets of the 1986 Plan

The year 1986 is the first year in implementing the Seventh 5-Year Plan. Making a realistic success in economic work this year has a vital bearing on successfully fulfilling the targets set forth by the Seventh 5-Year Plan. In line with the demand set forth by the central authorities with regard to bringing under control the social general demands in the first 2 years of the Seventh 5-Year Plan period and dealing with the excessively large scope of investment in fixed assets and the excessive increase of consumer funds, we should not only continuously enhance macroeconomic control, but also pay special attention to improving macroeconomic control in making arrangements for the 1986 plan. We should not only curtail the demands, but also improve the supply in order to further enliven production. We should not only lower the ultra high production speed, but also maintain a certain speed of increase on the basis of stressing economic results. We will place our work emphasis on grasping reforms, management, and technical progress, and increasing economic results in an overall way in order to enable economic and social undertakings to achieve overall development. Efforts should be made to continuously enhance the foundation of agriculture and to vigorously develop consumer goods and the production of energy resources and raw materials that serve the consumer goods. A good job should be done in making arrangements for the urban and rural markets and in maintaining the basic stability of market prices. We should further do a good job in conducting the work of increasing financial revenues and curtailing spendings, particularly in bringing under strict control the scope of capital construction. Efforts should be made to continuously enhance the undertakings of education, science and technology, culture, public health, and physical culture and sports, and to enhance the building of socialist spiritual civilization. On the basis of developing production, the arrangements in the plan for improving the people's material and cultural lives are as follows:

The total product of society will reach 116.3 billion yuan, a 7.9-percent increase over last year. The increase in the industrial and agricultural output value will be 8.2 percent.

The agricultural output value will reach 28.76 billion yuan, an increase of 4 percent over last year.

The industrial output value will be 68 billion yuan, a 10-percent increase over last year. The increase of light industry will be 12 percent, that of heavy industry 8 percent, and that of rural industries more than 19 percent.

The national income will reach 59.85 billion yuan calculated in terms of the 1985 prices, showing an increase of 7.8 percent over last year.

The accumulation rate will decline from 32.5 percent in 1985 to 30 percent.

The total investment in the fixed assets of local state-owned enterprises will be 2.74 billion yuan, of which that in capital construction will be 97 million yuan, basically the same as the planned quota of early last year; and that in technical transformation 1.309 billion yuan, slightly higher than the planned quota of last year. Other fixed asset investment will also be included in the plan for management, and the planned quota of this year is 450 million yuan.

The revenue will be 7.418 billion yuan, an increase of 8.9 percent over last year calculated in terms of comparable standards.

The total volume of commodity retail sales will be 31.5 billion yuan, a 15.9-percent increase over last year.

The total value of the commodities purchased for export will be 5.08 billion yuan, 4.1 percent more than in last year; and foreign exchange earned from commodity exports will be \$2.696 billion, 1.2 percent more than in last year.

New enrollments for regular or special courses in ordinary colleges and universities under the province will total 22,000 and the total number of students studying at these colleges and universities will reach 65,000, 6.21 more than in last year. New enrollments of secondary vocational and technical schools total 122,000, 15,700 more than in last year; and the number of students studying at these schools will reach 277,000, 60,000 more than in last year.

The average monetary wage of staff members and workers will be 7 percent higher than in last year, and the per-capita net income of peasants is estimated to increase by about 4 percent over last year.

3. Several Tasks That Should Be Focused on in Implementing This Year's Plan

In order to attain the fighting goals defined in the 1986 plan, we should focus on the following work when implementing the plan.

1) We should strive to maintain a stable economic growth. A certain economic growth rate is necessary in order to maintain market and financial balance, and develop the excellent situation. According to the arrangements of the plan, the industrial growth rate is 10 percent. When doing our work, we should strive to exceed it on the premise of improved quality and economic results.

We should continue to readjust the production structure and product mix in line with market demands, give prominence to the production of consumer goods and, in particular, conduct organization for increasing the production of quality brand-name products, high-grade durable consumer goods, and other readily marketable goods. To maintain a higher growth rate in light and textile industries, the province will give priorities to them in the use of loans and foreign exchange, the supply of energy resources and raw materials, and transport facilities. At the same time, all cities, prefectures, and departments are urged to adopt corresponding measures to produce more products urgently demanded by markets. Budgetary investment in technical transformation should be used chiefly in developing the products which are scarce in markets, need little investment and yield faster results, and are export-oriented products. The supply of energy resources, raw materials, and investment to the products which are of low quality but are highly priced, and those which find no market should be restricted and readjusted. Meanwhile, we should increase energy and raw material production to satisfy the needs in consumer goods production and other fields. We should handle the relationship between growth rate and economic benefit more successfully, continue to give prominence to improvement of economic results, maintain a stable economic growth, a stable increase in taxes and profits, and a balance in revenue and expenditure through improved economic results, and achieve a simultaneous increase in industrial production, profits and taxes, and revenue. We should emphasize the three links of improving quality, reducing consumption, and increasing production and income, strengthen control over the plan for economic results, and work out and improve economic result plans at different levels so that the plans for production, construction, and circulation and those for economic results can be combined, implemented at the grassroots levels, and evaluated and inspected at regular intervals.

2) We should further strengthen the agricultural foundation. It is necessary to conscientiously implement the guidelines of the central document No 1 and consider the work of implementing policies, carrying out in-depth reforms, relying on scientific progress to improve conditions for agricultural production, organizing services throughout the course of production, and promoting sustained, steady, and coordinated development in the rural economy as the major points for developing this year's rural economy. In line with the policy of "not relaxing crop cultivation while diversifying the economy," we should steadily readjust the rural production setups, continue to grasp grain production, stabilize the grain farming acreage, improve the quality of crops and the per-unit area yield, and ensure a steady increase in the total grain output. Under the plan, this year's grain sowing acreage will be 8 million hectares and the total output will be 31 million tons. In order to encourage grain production, beginning this year, we will readjust and reduce the base figure for contract purchases in line with the state stipulations so that the

grain growers will receive more benefits from the increase in production. In cotton production, we should stabilize the farming acreage, improve quality, and avoid the drastic increasing and reducing of farming areas. We should pay attention to solving the problems of forcing down the quality and prices in the course of cotton purchases so as to protect the enthusiasm of the cotton growers. Under the plan, the cotton output will reach 1.12 million tons, maintaining the level of last year's plan. In accordance with the needs reach 1.12 million tons, maintaining the level of last year's plan. In accordance with the needs of the domestic markets and export, we should properly expand the production of peanuts and their sowing acreage should be 1 million hectares, and the total output should be 2.5 million tons. We should continue to control the production of flue-cured tobacco and maintain the output and purchasing volume at last year's planned levels. This year, the output of bluish dogbane should be controlled at about 150,000 tons. Strenuous efforts should be made to develop fruit, animal husbandry, and aquatic products industries, further implement the production responsibility system in forestry, support and develop forestry specialized households, and strive to afforest 133,000 hectares of land and produce 2 million tons of fruits. We should continue to grasp the production, construction, and supply in the urban, industrial, and mining areas and in the vegetable and nonstaple food bases, and stabilize the prices in order to reassure the public.

Investment in the agricultural sector should be gradually increased. Under this year's plan, the state and the province should properly increase investment in the agricultural sector which should be mainly used for supporting the building of agricultural and commodities bases and the scientific and technological service units, and establish the grain, cotton, peanuts, fruits, aquatic products, lean-meat hogs and garlic producing bases as well as other commercial bases in various periods and groups. Under the arrangements, the five major county-level service centers, including agriculture, forestry, animal husbandry, fishery, and machinery, and the cotton technological service centers should also be built. Meanwhile, we will increase investment in the agricultural institutions of higher learning and agricultural secondary vocational schools. In increasing the agricultural input, first we should rely on the state, and the active support should be given to agriculture by all trades and professions. Second, we should rely on the accumulations from the agricultural sector. Along with the improvements in the financial situation, the agricultural investment from the local overall plan and the provincial financial resources will be gradually increased. However, the source of the increased agricultural investment will be mainly the accumulation of the rural areas because of the limited amount of funds from the financial departments. We should gradually establish the necessary labor accumulation system, improve the measures for cooperatively running farmland water conservancy projects under the principle of mutual aid and benefits, encourage the cooperative economic organizations in various localities to appropriately retain public accumulation from the yearly income, establish the depreciation system of fixed assets, and raise the development ability of the agricultural sector. It is necessary to strengthen agricultural scientific research, and grasp well the popularization and application of agricultural scientific and technological findings, grasp a number of technological development projects covered in the "spark plan" that require a small investment, yield great benefits, and can display their role in the near future,

and depend on the scientific and technological forces to promote the steady development in agriculture. The principle of actively supporting the township enterprises, working out rational plans for them, giving them guidance and strengthening management over them should be conscientiously implemented in order to speed up the development of township enterprises. We should continue to vigorously support economic development in the poverty-stricken areas.

3) We should control the investment in fixed assets and ensure the smooth progress of the construction of key projects. Strictly controlling the investment in fixed assets, capital construction in particular, is a major and crucial issue which affects the overall economic situation and bears on the successful fulfillment of the Seventh 5-Year Plan. To actually control the scale of investment and ensure the construction of key projects, this year we should attend to the following aspects of work: First, we should further strengthen and improve the management plan for the investment in fixed assets. The overly large scale of investment in fixed assets during the past few years has mainly resulted from the serious expansion of investment in extra-budgetary projects. This year, in the course of strengthening the macroeconomic control, we should emphatically strengthen the plans and management of investments in fixed assets and gradually study and draw up a set of feasible management methods on the basis of attending to the overall balancing. We should manage well not only the state-owned units, but also the collective- and individual-owned units. We should manage well not only the capital construction, but also the technical transformations. Second, we should strengthen the management of procedures of capital construction. Those projects which are incorporated into the fiscal construction plan must be built in line with the state-stipulated procedures and steps, and those projects with incomplete procedures must not be listed in the plan. To raise economic efficiency, beginning from this year, we must conduct feasibility study and advisory appraisals for construction projects. Third, we should further readjust the investment structure. We should curtail investment in general non-productive construction projects, increase investment in scientific and technological undertakings, if necessary, and appropriately arrange for the construction of residences and urban public utilities. In construction of productive projects, we should cut down the number of the general processing industrial projects, and strengthen the construction of agriculture, energy resources, communications, and key raw materials projects; should control the production of products which are in excessive supply, and develop the production of products which are in short supply; and should increase the investment in the better-quality and brand-name products, the readily marketable products, and the products which can be exported and earn foreign exchange. The technical transformation investment should mainly be used to improve the quality of products, lower the consumption of materials, upgrade and update old products, and develop new products. The technical transformation investment should also be used to renovate those key enterprises which have a bearing on the national economy and people's livelihood, and those enterprises which produce export commodities. Fourth, we should continue to concentrate our financial and material resources on ensuring the construction of key projects. In addition to conscientiously grasping the key projects which are built on our province in line with the arrangement of the central authorities, we must actually grasp those large and medium-sized

projects which are built by localities independently or are jointly built by the localities and the central authorities. In utilization of manpower and financial and material resources, we should first ensure the demands of key construction projects. At the same time, we should follow the spirit of "acting according to one's ability, doing everything in one's power, and working hard in coordination," should adopt proper policies, and should raise necessary construction funds in order to satisfy the demands of the key construction projects.

4) We should try every possible means to expand export and earn more foreign exchange. Last year, the province's foreign trade was relatively good. However, owing to the worldwide drop in petroleum prices, the foreign exchange from petroleum export will witness a relatively big reduction, and therefore it will be very arduous to fulfill this year's export plan. To expand export and earn more foreign exchange, we should attend to the work in the following aspects: First, we should emphatically grasp the export of the province's superior agricultural and sideline products. We should actually solve the problems in production, technology, and circulation, develop production and export coordinatedly, and try our best to expand export. Second, we should select a number of good enterprises, incorporate them into the plans for carrying out special technical transformation projects, and conduct renovation projects among these enterprises on a priority basis. At the same time, we should give supports to those enterprises whose products are earmarked for export and to those subsidiary projects which serve the export in the fields of fund, materials and power supply, and distribution of foreign exchange in order to enhance their ability to expand export and earn more foreign exchange. Third, we should continue to encourage export, give due profits to those localities and units which export more products and earn more foreign exchange, and connect export and foreign exchange with economic benefit.

While trying all possible means to expand exports and earn more foreign exchange, we should also try to increase nontrade foreign exchange earnings. We should greatly develop tourism, make the best use of and explore our tourist resources, strengthen the planning and construction of the infrastructure for tourism, enhance the competence of tourist contingents, do a good job in the development and production of tourist products, and gradually make our tourist income an important source of our province's foreign exchange earnings. We should strive to expand the exports of labor service and technology to substantially increase our foreign exchange earned from such exports.

5) We should further grasp reform well. On the basis of the actual conditions of our province, in line with the implementation of the plan for national economic and social development, and giving consideration to planning work, we should focus on three aspects: First, we should strengthen and improve the macroeconomic control and management. While continuing the policy of reducing the overall expenses, we should shift our work focus to improving the macroeconomic control. We should successfully bring under control the quotas for fixed asset investment, credit, consumption funds and foreign exchange utilization, and other major quotas which have a bearing on the overall economic situation, coordinate the overall supply and demand,

and actively do a good job in regulating and improve the economic structure. We should rationalize the orientation of the investment, foreign exchange, loan and material utilization within the framework of the state-defined plan, and use the economic levers to make the policies on production and technology, economic arrangements, and enterprise scale more rational. We should strengthen the macroeconomic forecast, gradually reinforce the planned management of the overall targets and value targets of entire society, and intensify the estimation and planning for the scale of fixed asset investment, extra-budgetary funds, material resources of entire society, and other overall targets in order to provide data for macroeconomic policymaking. Second, we should work out plans to support the invigoration of enterprises, especially large and medium-sized ones. Beginning this year, the province has delegated the power of major material distribution and supply to cities and prefectures according to their administrative relations. When supplying materials to large and medium-sized enterprises, they should reduce intermediate links, and achieve direct supply. At the key enterprises that undertake the production of important means of production, we should carry out the policy under which the enterprises turn over their products to higher authorities according to progressively increased fixed quota, and fixed quotas, and retain themselves the above-quota portion, and allow these enterprises a certain flexibility so as to boost their enthusiasm for increasing production. The state has decided to reduce the regulatory taxes for some large and medium-sized enterprises, and increase some depreciation funds to be used in the technical transformation of enterprises. We should conscientiously follow the guidelines of the State Council's recent circular on strictly banning collection of unwarranted fees from enterprises, and, without the approval of the provincial government, no locality or department is allowed to collect fees from enterprises forcibly. Third, we should greatly expand lateral economic cooperation. Earnestly implementing the State Council's "Several Regulations on Further Promoting Lateral Cooperation," we should break with the closed pattern of cooperation, adhere to the principle of "making the best possible use of favorable conditions, adopting various forms, and achieving mutual benefit and simultaneous development," eliminate the bounds of regions, departments and trades and, proceeding from the most urgent needs in the economic development, actively spur and lead enterprises to carry out various forms of lateral cooperation. No department and locality are permitted to set obstacles to the lateral cooperation among enterprises in order to seek their own interests. At the same time, we should strengthen the macroeconomic guidance and avoid blind acts to make the cooperation suit the needs of the state's macroeconomic development. In addition to the cooperation among enterprises, we should also pay attention to the economic and technological association and cooperation between our province and other provinces and municipalities, among the cities and prefectures of our province, and between eastern and western areas, and the support of Jinan, Qingdao, and other cities to some poor localities. With regard to lateral economic cooperation, we should adopt supportive policies, improve planning and material management and accounting methods correspondingly, give conveniences to economic cooperation organizations in the amount of the fixed asset investment, the supply of raw materials, and the marketing of production, support the lateral movement of funds, and grant proper preferential treatment in tax payment. All functional departments should support lateral cooperation from all fields, and, through it, accelerate technological progress, improve social economic benefit, and promote reform.

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PROVINCIAL AFFAIRS

OFFICIAL REPORTS ON TIANJIN ECONOMIC, SOCIAL DEVELOPMENT PLAN

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["Excerpts" of report on Tianjin Municipality's 1986 draft plan for national economic and social development delivered by Han Enjia, director of the Tianjin Municipal Planning Commission, at the 5th session of the 10th Tianjin Municipal People's Congress--date not given]

[Text] 1. Fulfillment of the 1985 Plan for National Economic and Social Development

Our municipality's 1985 national economic and social development plan was fulfilled successfully, the economic structural reform with the urban reform as the focus achieved an important step forward, the national economy was developed in a stable and coordinated manner, new achievements were scored in social development, and the various tasks and major targets were fulfilled or overfulfilled. The GNP reached 16.86 billion yuan, the national income 13.9 billion yuan, and the industrial and agricultural output value 32.704 billion yuan, an increase of 14.3, 14.2, and 15.1 percent, respectively, over the previous year.

1. Industrial and agricultural production was developed in a stable and coordinated manner, and economic results improved. The annual industrial output value totaled 28.56 billion yuan, an increase of 12.4 percent over the previous year. The growth rate of both the income from sales and of the profits and taxes of local budgetary state industrial enterprises exceeded that of production.

2. An overall good harvest was reaped in agriculture, and new development was achieved in the rural commodity economy. The agricultural output value (including villagerun industries) totaled 4.144 billion yuan, 38.5 percent over the previous year. The commodity rate of the rural economy rose from 68.7 percent in the previous year to 71.5 percent.

3. The revenue increased substantially. The revenue of the year totaled 4.41 billion yuan, 14.1 percent over the annual budget, and 21.2 percent over the previous year. This plus the 180 million yuan of urban maintenance funds and construction taxes made the total 4.59 billion yuan.

4. Capital construction and technical transformation were further strengthened, and the construction of key projects was accelerated. The local fixed asset investment to be appraised and approved by the municipality totaled 3.68 billion yuan, less than the planned quota of 3.8 billion yuan. By the end of the year, the tasks for after-quake reconstruction had been basically fulfilled. A group of energy, transport, post and telecommunications, and urban infrastructural projects, key projects, which had a bearing on the people's lives, and major technical transformation projects were completed.

5. New progress was made in opening to the outside world. The value of export from the foreign trade harbor totaled \$1.153 billion, 11.4 percent over the annual plan. The infrastructure for the first area of the economic and technological development zone was built in its initial shape, and by the [word indistinct] the year contracts for 21 foreign-oriented projects, mainly industrial, had been signed.

6. Notable achievements were scored in science and technology, education, public health, and culture. Throughout the municipality, 250 major scientific and technological research results were achieved, of which 9 won the state invention award. The practice of attaching importance to and supporting education began to take shape in the entire society. Primary and middle schools improved their school facilities and instruction quality. The secondary education was restructured. Hospital beds increased by 1,285 throughout the municipality. Population rate declined from 15.69 per thousand in the previous year to 13.98 per thousand. Cultural, sports, press, publication, radio, and television undertakings achieved new progress, and played a positive role in building the socialist spiritual civilization.

7. Urban and rural people's living standards continued to improve. The 20 major things developed by the municipal government with a view to improve the people's living standards were all completed. The annual per-capita income for living expenses of urban residents showed a 21-percent increase over the previous year. When allowing for price factors, the actual increase was 6.9 percent. The annual per-capita net income of peasants reached 564.6 yuan, 11.8 percent more than in the previous year. Markets were brisk. The total volume of retail commodity sales was 6.895 billion yuan, 21.8 percent greater than in the previous year. The year-end savings deposits of urban and rural residents increased by 32.4 percent over the previous year.

In line with the unified arrangement of the central authorities, the pricing reform and the wage reform were initiated very smoothly. After relaxing the control over the prices of foodstuffs, production of agricultural and sideline products increased, and markets became brisk. Through reform, the wage system of the state organs and institutions embarked on the right course. Enterprises carried out the wage reform in a coordinated manner, thus preparing for further reforms.

Centering on invigorating enterprises, the planning system was improved, and the proportion of output value of the products covered by the mandatory planning dropped from 70 percent to 30 percent. Lateral economic ties were strengthened, and various forms of economic and technological associations and cooperations were established. In the course of allowing flexibility in the microeconomy, we strengthened macroeconomic control, and strengthened

macroeconomic control, and strengthened the regulation and harmony among the investment in the local fixed assets, the credit fund, the consumption fund, and the utilization of foreign exchange for import in line with the state stipulation. In this regard, we did not surpass the control target of the state, but ensured the needs of the production and construction.

The above-mentioned facts show that our municipality's economic situation has actually been very good. However, some problems still exist in the economic development. They are mainly:

1) The production and product structure fall short of the demands of the changes of the domestic and international markets. 2) The ability to earn foreign exchange through export is low, the export value via ports still cannot make a break with the successive years of decline, and the foreign exchange through export has increased by a margin smaller than the industry and agriculture. 3) The basic work and the basic links are weak, management level is low, and the situation of poor quality, high consumption, and serious waste exist in some production, construction, and institutional departments. 4) There still are strains on energy resources, raw materials, foreign exchange, and funds, and the work of broadening sources of income and reducing expenditure has lagged behind the demand. In addition, under the situation of replacing the old economic structure with the new one, our ideology is unsuitable for our work. Even though the new financial systems, have been implemented, we have not yet gotten rid of the habit of "eating from the big pot" of the state.

2. Major tasks and goals of the 1986 draft plan for national economic and social development.

The major tasks of the 1986 plan for the municipal economic and social development are as follows: We should continue to implement the general principles of invigorating the domestic economy, and opening up to the outside world; adhere to the economic structural reform focusing on invigorating enterprises; actively develop the lateral economic integrations; consolidate, digest, supplement, and improve the reform measures which have already been initiated; and strengthen and improve the macroeconomic control. We should continue to readjust the production and product structure, strive to increase production of products which are readily marketable, vigorously develop exports, and maintain an appropriate economic growth rate on the basis of stressing on efficiency. We should strengthen the construction of key projects and technical transformations on the premise of controlling the scale of investment. We should continue to improve the people's living standards on the basis of developing production. We should strive to step up the building of spiritual civilization in the course of grasping the building of material civilization.

The major targets of the draft plan for 1986 are as follows:

The GNP is planned at 18.21 billion yuan, an 8-percent increase over the previous year. The total industrial output value is planned at 34.749 billion yuan, a 6.3-percent increase. The scale of investment in fixed

assets rectified by the municipality is controlled within 3.8 billion yuan. The value of export via foreign trade ports is planned at \$1.116 billion, of which, the value of export by the municipality is planned at \$730 million. Financial revenues are planned at 5.171 billion yuan, a 6.16-percent increase over the previous year in terms of the comparable items.

The concrete demands of the 1986 plan are as follows:

1. Efforts should be made to continuously readjust production and product structures and to increase economic results in order to maintain stable and harmonious development in production.

- a. Industry. A good job should be done in continuously readjusting professional and product structures and maintaining an adequate rate of increase on the premise of upgrading product quality and stressing benefit. The plan sets forth a 6 percent increase in total industrial output value this year. Of this increase, those in light industry will reach a 6.5 percent increase, and those in heavy industry will reach a 5.4 percent increase.

In readjusting the product structure of the industry, first of all, we should continuously develop the products in short supply and vigorously turn out daily consumer goods and export commodities enjoying brisk sales and with fine quality and famous trade mark, as well as the products badly needed by the domestic markets and with high benefits. The rate of increase among 200 short-supply products covered by the municipal plan will reach a 10 percent increase. We should give preferential treatment to the production of these commodities in power supply, raw material, funds, foreign exchanges, labor forces, and transport means. Products of high costs, poor quality, low benefits, and of slow sales should be restricted or even be suspended and transferred in production. Efforts should be made to vigorously conduct the winding-up work among the well-built capital construction projects, the technical renovation results, and the imported technological items in order to put them into production and to reach the designed output targets. A good job should be also done in grasping production among the key enterprises that have paid and earned high taxes and profits.

In order to maintain steady, stable, and harmonious development in industrial production, and in line with the demand set forth by the Seventh 5-Year industrial readjustment plan, we should achieve a combination among readjustment, reorganization, technical import, and technical renovations in order to make a good start and to strive to achieve preliminary results this year and to achieve great results in the upcoming 3 years. In line with the industrial readjustment, efforts should be made to develop lateral economic ties among the enterprises and to organize specialized and socialized large-scale production in specific regions or with networks throughout the country. We should adopt various ways and means to develop cooperation and coordination and develop the production of energy resources, raw materials, fine-quality and famous products, and export commodities in order to gradually set up a number of associations of enterprises. Efforts should be made to integrate the spread of products and machine parts with the consolidation of township-and-town-run industries in order to bring into full play the role of these industries in being assistants to the major industries.

Efforts should be made to enhance industrial and enterprise management and to establish economic responsibility systems and the system of ensuring quality at all levels. A good job should be done in grasping the basic work of enterprise management; improving the system of supervising and testing quality, the measures of maintaining and surveying quality standard, and the responsibility systems; and in organizing production strictly in line with the standard in order to vigorously upgrade the quality and function of products, to expand sales, and to reduce the overstock of commodities.

b. Agriculture. Efforts should be made to continuously implement the principle of "serving urban areas and making peasants wealthy"; to uphold the guideline of achieving development in an overall way among agriculture, forestry, animal husbandry, sideline production, and fishery, and of engaging in comprehensive operation among agriculture, industry, commerce, construction business, and transport units; and to readjust the structure of the agricultural economy in order to accelerate the pace of developing commodity economy in rural areas. The plan sets forth an 8 percent increase in the total agricultural output value. While stabilizing the acreage of farmland and by no means relaxing grain production, efforts should be made to vigorously develop nonstaple foodstuffs and export commodities in agricultural production, and particularly to grasp well the production of vegetables and aquatic products. In fishery, efforts should be made to develop fishing operations and raising fresh water fishes simultaneously, to increase the strength of fishing activities, and to actively develop fish raising. We should also actively develop lean-meat logs. Efforts should be made to vigorously plant trees, to do a good job in rendering service before or after production, and to actively import advanced technology in order to breed fine saplings and to coordinate the basic construction of fodder production and plant disease and pest prevention and control. A good job should be done in preventing flood and combating drought and in enhancing the construction of irrigation and water conservancy. Efforts should be made to realistically conduct the work of helping poor households and help the poor villages remove their poor status within the year.

C. The tertiary industry should be vigorously developed, with an emphasis on commercial, transport, posts and telecommunications, and service industries, and the functions of cities should be gradually enhanced. We should strengthen the attraction and radiation of the central cities, gradually establish and improve various trade centers and markets for means of production, and continue to readjust and increase the number of commercial networks in order to make things convenient for the people's livelihood. The efficiency of communications and transport should be improved and the handling capacity of ports should be increased. Efforts should be made to expand telecommunications business. Under the plan, the local telephone lines should reach 116,000, an increase of 23,000 lines over the previous year. We should also vigorously develop information, consulting, banking, insurance, and tourist undertakings.

2. Under the premise of exerting continued efforts to control the scope of investment, we should readjust the investment structure and speed up the construction of key projects.

This year, the scope of local investment in fixed assets assessed by the municipality should be controlled within 3.8 billion yuan, maintaining the

level of last year's plan. It is necessary to rationally readjust the investment structure, reduce and strictly control investment in capital [word indistinct], and appropriately increase investment in technological transformation. This year's orientation of investment in capital construction and technological transformation should be: 1) Investment in supporting energy, transport, communications, and raw materials projects and in strengthening the "three capital construction" projects; 2) In building infrastructure projects for improving the functions of cities; 3) In badly needed educational, scientific, technological, and public health projects; and 4) In projects conducive to opening up new financial resources, increasing exports and foreign exchange, and speeding up domesticization.

3. We should strive to increase exports, and further expand foreign economic relations and trade, and technological exchange.

In 1986, a new breakthrough should be made in foreign trade and export and utilization of foreign funds.

In foreign trade export, the state has assigned our municipality to export goods worth \$1.116 billion through ports. We should strive to attain the figure of \$1.2 billion in order to exceed last year's actual level. Under the plan, our municipality export commodity purchases should be valued at 2.658 billion yuan and efforts should be made to exceed such figure.

We should continue to improve the construction of the developing areas, create a good environment for investment, and speed up the building of projects under construction so that they can go into production soon.

4. We should improve supply and make proper arrangements for the people's livelihood.

In 1986, the state-assigned total volume of wages will increase by 8.46 percent over the previous year. It is anticipated that the net income of peasants will increase 10 percent over the previous year.

In order to cope with the improvements in the livelihood of the urban and rural people, we should make good arrangements for markets and improve supply. Under the plan, the retail sales of commodities will reach 7.585 billion yuan, up 10 percent over the previous year. We should arrange for the production of small commodities and give priority to ensuring domestic market supply of industrial goods. Commercial departments should actively organize the supply of goods, improve operation, expand sales, and increase with withdrawal of currency.

The price reform measures should be further improved and be basically stabilized. In the course of stabilizing the prices of nonstaple foodstuffs, we should attend to the prices of vegetables, eggs, and meat. Vegetable prices are the most important, therefore, we should strive to stabilize them at last year's level. We should strengthen management over trade markets and self-employed traders and strictly deal with those who raise the commodity prices.

5. We should further develop the scientific, educational, cultural, and public health undertakings, and strengthen the building of socialist spiritual civilization.

In grasping education, we should begin with the basic links and the primary and middle school education. Meanwhile, we should pay attention to preschool education, actively popularize the 9-year compulsory education, and gradually solve the problem of the two-shift system of primary schools. We should continue to readjust the secondary educational structure, and actively develop the technical and professional education. We should strengthen the training of teachers of primary and middle schools. Higher learning institutions should enroll students according to their reasonable capacity. Such institutions plan to enroll 11,679 students, of whom, 5,834 will be enrolled by the local universities and colleges, a 6.1-percent increase over the previous year. We should continue to run various forms of adult education.

In terms of science and technology, we should emphatically grasp the popularization and application of 200 scientific research achievements. We should accelerate the implementation of the "spark" plan, strengthen the digestion, application, and further development of the imported technologies, and speed up the process of domesticization. We should actively broaden the sphere of burgeoning technologies, and attend to the reserve of new technologies. We should continue to improve the scientific and technological markets, and attend to technological exchange and transfer.

In terms of public health undertakings, we should continue to implement the principle of putting prevention first. We should readjust and develop the specialized hospitals of the municipality in a planned manner, exploit the municipality's superiority in traditional Chinese and Western medical sciences, and strive to gradually build the municipal-level hospitals into a medical network with respective characteristics, strong professional nature, and high medical standards. At the same time, we should strengthen medical prevention and curing facilities at the grassroots level, and gradually form a three-level medical treatment and prevention system. It is planned that the number of hospital beds will be increased by 1,200, which will make the total number reach 26,400. At the same time, we should actively develop family sick beds. We should continue to grasp the family planning work. The birthrate should be controlled under 17 per thousand; and the population growth rate, 11 per thousand.

In terms of cultural, art, film, television, broadcasting, press, and sports undertakings, we should strive to raise the political levels and the quality of art, should stress on the social benefit, should disseminate scientific and general knowledge, should enrich the people's cultural life, and should strengthen the building of socialist spiritual civilization.

To develop the cultural, educational, and public health undertakings, this year, the municipality will provide 582 million yuan of appropriations for the cultural and educational undertakings, a 20.54 percent increase over the previous year, higher than the growth rate of the municipal revenues and expenditures. To solve the housing problem of the cultural, educational, and

public health departments, the municipal investment in building dormitories and the appropriations from the cultural and educational fund for building dormitories will increase by 35 percent over the previous year.

6. We should broaden the sources of income and reduce expenditure, ensure the construction of key projects, and attend to the supply of power and materials.

This year, the state will distribute fewer "three major materials" and chemical industrial materials to our municipality, thus greatly adding to the burden of the localities and enterprises in raising raw materials. The fundamental measure for solving the shortage of materials is to broaden the sources of income and reduce expenditure.

To relieve the shortage of power supply, the municipality plans to depend on all professions and trades to vigorously economize on power consumption, to encourage all enterprises, workshops, teams, and groups to curtail power consumption, and to link awards with punishments, by giving more bonuses to those which conserve more power resources, and giving punishment to those which consume excessive power. In addition, the municipality will buy high-price oil to generate power [mai gao jia you fa dian 6314 7559 0116 3111 4099 7193], encourage the power plants run by enterprises to generate more, and accelerate the construction of power plants run by enterprises. We should try every possible means to consume power during a slack period. We should consume electricity in a planned manner, ensure the key projects, and should "ensure power supply but not all the power that the plants may need, and set a power usage quota but not cut off power supply." We should restrict the power consumption of some enterprises which consume much electricity but yield poor results, and should strictly restrict the utilization of those electric stoves, electric heating instruments, and air conditioners which consume much electricity.

3. We should strengthen and improve the control over the macroeconomy and ensure the successful fulfillment of the 1986 plan.

1. We should continue to control the scope of investment in fixed assets and strengthen management over capital construction.

a. We should conscientiously sort out projects under construction and strictly control the initiation of new projects.

b. We should organize the construction of large and medium-sized projects in accordance with rational construction periods.

c. We should establish and improve the system of appraising key projects. The feasibility study reports of the newly initiated large and medium-sized projects must be appraised and examined by the project consulting organs assigned by the state and the municipal CPC Committee.

d. We should actively popularize the bidding contract system, implement the contract system in projects, funds, materials, construction time, and efficiency, and guard against spending money unrestrictedly.

e. We should establish a strict economic responsibility system, examine and accept the projects according to the design requirements, and should not leave problems unresolved. Economic sanctions should be given to those units whose construction quality and efficiency are not up to requirements.

f. We should consolidate and improve the various standards, and quotas for capital construction. The design departments should design according to the specific control targets mentioned in the approved plans. The investment that exceeds the plan by 10 percent should be reported to the authorities for approval in accordance with the regulations. Initiating a project before reporting to the authorities for additional investment is strictly forbidden.

g. We should strengthen control over investment in all fixed assets. New projects carried out by collective units must be examined and approved by the planning commissions at and above the county level. These units should apply for permits from the industrial and commercial administrative departments of the corresponding level. The banks should not issue loans for individual investment.

h. We should audit the locally-raised funds for capital construction.

2. We should strengthen management over consumption funds.

Continued efforts should be made strengthen and improve management over the wage funds for workers, and strictly control the total amount of wages of the state units in line with the state-[word indistinct] Banks should strengthen management over the wage funds in line with the state plan and the relevant regulations. Under the planned scope of the total amount of wages, we should rationally issue bonuses, and [word indistinct] egalitarianism, so that the wages and bonuses will realistically play a role in being given more to those who work more, stimulating production, and rewarding the advanced.

We should vigorously give guidance to peasants in spending their incomes, raise the proportion of funds for developing production and construction, and prevent them from spending excessively. The scope and amount of tax reduction and exemption for collective enterprises and township enterprises should be readjusted and examined and the excessively-high income of the individuals in the urban and rural areas should be properly regulated through taxation. We should continue to strictly control the institutional purchasing power and the administrative expenses.

3. We should strengthen management of funds and circulation.

Strenuous efforts should be made to organize savings deposits, strengthen the management of funds, make good and wise use of credit funds, attend to the circulation of funds, and tap the potential of funds. We should try all possible means to collect savings deposits from the urban and rural areas, increase the number of commissioned businesses, and vigorously increase all kinds of bank savings. We should mobilize enterprises to vigorously tap the potential of funds, reduce the appropriation of funds for producing finished products, and organize forces to withdraw the payment for goods left in

arrears. We should fully display the functions of the people's banks in regulating funds and do a good job in dealing with the private loans among banks and the circulation and regulation of funds between banks and the financial departments and between banks and other social quarters.

4. We should strengthen the management of foreign exchange, and do a good job regulating foreign exchange.

a. We should exercise strict control over foreign exchange in line with the foreign exchange targets assigned by the state to our municipality, and should implement the system of different levels managing their foreign exchange with the leaders holding responsibility.

b. In utilizing various items of foreign exchange, priority should be given to ensuring the urgent need of industrial and agricultural production and the need of key construction projects. Then, we should ensure the needs of the scientific, educational, cultural, and public health departments in importing equipment and instruments and in training competent persons. Those raw materials, spare parts, and instruments which can be provided by the country should no longer be imported.

c. Various districts, counties, bureaus, and enterprises should first utilize the private-owned retained portion of foreign exchange. Those enterprises which have the export capacity should make full use of the floating foreign exchange and the foreign exchange which is used to support export.

d. To solve the imbalanced distribution of foreign exchange among various districts, counties, bureaus, and enterprises, we should attend to the redistribution of foreign exchange in strict accordance with the pertinent stipulations.

e. We should strengthen the unified management of the foreign exchange plans. The municipal Planning Commission should assume responsibility for making unified balancing and for distributing foreign exchange. Various districts, counties, and bureaus should also assign special organs and personnel to manage their own foreign exchange in a unified manner.

5. We should continue to improve the planning management system.

In line with the demand of invigorating enterprises, we should grant some leeway to those large and medium-sized enterprises which implement the mandatory planning so that these enterprises can have more decision-making powers and greater vitality for conducting self-development. We should improve the management of the guidance planning, strengthen the study of the economic lever, comprehensively apply the economic means, legal means, and necessary administrative means, and guide enterprises to organize well their production and construction under the condition of macroeconomic control and in line with the demand of the plan for national economic and social development.

Thanks to the efforts of the large number of cadres and the masses of various fronts, the current situation on the municipal economic development has been good since the beginning of this year. So long as we keep sober-minded, make a correct analysis of the current situation, enhance our spirit, reinforce our confidence, adopt effective measures to actually solve problems, strengthen the ideological and political work, conscientiously implement the economic responsibility system, and further mobilize the initiative for the large number of cadres and the masses, we will certainly be able to constantly push forward [word indistinct] and economic construction, successfully accomplish or overfulfill the 1986 plan for national economic and social development, and create a good beginning for the Seventh 5-Year Plan.

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ECONOMIC PLANNING

DEVELOPMENT STRATEGY FOR WESTERN REGIONS DISCUSSED

Yinchuan NINGXIA RIBAO in Chinese 10 Oct 85 p 4

[Article by Xia Shiping [1115 0138 5493]: "Issues Concerning Strategy for the Economic Development of Our Western Regions"]

[Text] Our western regions, including the 11 provinces of Shaanxi, Gansu, Ningxia, Qinghai, Xinjiang, Sichuan, Yunnan, Guizhou, Tibet, Inner Mongolia, and Guangxi, are regions rich in resources but economically still not quite developed. To speed up the economic development of these western regions is of very great importance to the realization of the magnificent goals put forward by the 12th Party Congress and the take-off of our economy in the next century. This article makes an attempt at some exploration as to certain primary issues in regard to the strategy for economic development on the basis of the characteristics of these western regions.

I. The Economy of Our Western Regions Must Hereafter Have a Speed of Development Higher Than the National Average

Our western regions are areas where nearly 80 percent of our minority nationalities live in compact communities; they share boundaries with more than 10 countries, and they occupy a strategic position politically, and economically as well as in our national defense. Because of historical reasons, these western regions were originally rather backward; since liberation, while they enjoyed speedy development in production and living standards they also underwent considerable improvement, compared to the east the gap not only has not been reduced but has even tended to become broadened. For instance, in terms of average per capita industrial and agricultural output value, in 1949 that of the western regions was slightly higher than the level of the national average; by 1983 it decrease to 63.6 percent of the latter; the average net income of each individual of the farming population in the western regions in 1983 was only 68.7 percent of that of the eastern regions. The minority nationalities of these regions live mostly in remote, hilly areas; the level of their production and living conditions tends to be even lower. In order to gradually eliminate the "de facto inequality" existing between the various nationalities and build our prosperous, wealthy border areas and consolidate our frontier defense, the economy of these western regions must have a speed of development higher than the national average.

The western regions are vast in area; their land area makes up 64.1 percent of the whole country, of which prairie makes up 94.5 of that of the country whereas their population makes up only 28.5 percent of the country. All the country's five great natural grazing areas are here, and in most areas sunshine is abundant, temperature is high for extended periods, and temperature differences are great, all of these being beneficial to plant growth. Certain areas are also timber production bases with exceptionally strong points for the development of large-scale agriculture, especially the development of animal husbandry. In the west energy resources are very rich; coal deposits already explored amount to more than 400 billion tons, making up almost 60 percent of the country's total. Of the five provinces and regions whose explored deposits rank among the first five in the country, the west has four of them--Inner Mongolia, Shaanxi, Guizhou, and Ningxia. Petroleum and natural gas deposits in the west are also very rich. Its hydraulic power resources potential amounts to more than 500 million kilowatts, making up 80 percent of the country's total. In the case of the Huanghe, the section from the Longyang Gorges to the Qingtong Gorges may be exploited by having it divided into 15 terraced levels; the capacity of their fully installed generators may reach 13 million kw. The western regions also have among their mineral resources several dozens of nonferrous metals, rare-earth metals and precious metals which rank among the country's first five; their salt lake resources are unmatched throughout the world. Viewed in long-range terms, these western regions are not only an important base of our energy resources and a treasury of resources in general but also a gigantic moving force for revitalizing China and realizing the four modernizations.

After over 30 years of construction, the economy of the west now possesses the basic conditions for further development. Its industrial fixed assets (in original value) have already reached 130 billion yuan; it has already built a batch of large and medium-sized enterprises of advanced technology which is becoming the core strength spurring on the future economic development of the entire west. While the rate of output value and rate of profit of the fixed assets of these enterprises in the western regions are not high, as they make up only half of those of the east, their potential for production increase and profit increase is nonetheless great. So long as we grasp our structural reform closely, do a good job in their reproduction in terms of intensive expansion, and tap the existing potential of their enterprises, their industrial production and financial revenues are bound to enjoy faster development and growth.

The western regions are a connecting point between the continents of Europe and Asia; many new "silk routes" can be opened up there, great efforts can be made to develop economic and technical cooperation and trade exchange with the Eurasian countries, and our links with, and influence upon, the Middle Eastern and South Asian regions can also be enhanced.

The foregoing situation illustrates that to require a faster speed of development for the economy of the western regions is both necessary and possible. Of course, many constraining factors such as shortages in talents, technologies and capital, inconvenience in communications, slow access to information, and ecological deterioration do still exist in the economic

development of the western regions: but so long as we fully implement the various principles and policies formulated by the party Central Committee, keep in line with the actual reality of the western regions, do a good job in planning, and fully mobilize the enthusiasm of the people of the various nationalities, these problems should not be too difficult to solve. What requires our attention is that, while stressing speed, we must at the same time unite this speed with results and strive for the higher speed of development only under the premise of enhancing such economic results.

II. The Western Regions Should Take Agriculture and Animal Husbandry, Energy Industry, Communications and Transportation Enterprises, and Renovation of Existing Enterprises as Key Areas of Their Construction

Exploitation of the western regions should be placed first of all on the basis of giving scope to their strong points in land resources by handling the planting of grass and trees on a large scale, with the resulting grassland and forests in turn spurring on the development of animal husbandry and promoting the production of foodgrains and economic crops. On the basis of the development of agriculture and animal husbandry, they should energetically develop such processing industries as animal feed, foodstuffs, leather, and textile, and do a good job in the comprehensive utilization of products from agriculture and animal husbandry and their fine processing. This way, the latter would be able in turn to promote the development of agriculture and animal husbandry; the life of the people engaged in agriculture and animal husbandry can thus also become prosperous quickly. Along with the development of agriculture and animal husbandry in the western regions, it becomes possible also to provide the east with even more raw materials, meats and various manufactured products so as to promote the development of light industries in the east and the improvement of the life of people of the whole country. To energetically plant grass and trees in the western regions, build man-made prairies there, and follow the path of ecological animal husbandry cover would also be the most effective methods of protecting the planted groundcover stopping water seepage and land loss, and changing the arid climate, which are beneficial both to the western regions and to the eastern regions situated at the lower drainage areas of the Changjiang and Huanghe. From this, we can see that energetically developing agriculture and animal husbandry in the western regions is of very great significance also to the whole country. For this reason, apart from doing a good job in water conservancy construction, there is need also to realize as soon as possible the three shifts (shift from a self-sufficient economy toward a commodity economy of a larger scale, shift from traditional toward modern animal husbandry, and shift from purely relying on natural grazing grounds for feeding the animals toward the direction of relying a unity between artificial grass planting and natural grazing grounds), build the five economic systems (the system of animal feed industries, the system breeding improved varieties, the system of pharmaceutical supplies and epidemic prevention, the system of advanced technologies, management methods, and promotion of improved varieties, and the system of in depth processing of agricultural products and commodity circulation).

Industries of the western regions should first of all be placed on the basis of energy resources development. This is not only because in the western

regions energy resources are particularly rich and hence superior conditions for exploitation are present, but also because the whole country still encounters energy resources shortage today. Our industries have been concentrated from the very beginning in the east, where energy resources were rather short. Along with the further development of these industries in the east, contradictions in energy shortages became even more pronounced, with the net quantity of inter-province out-going coal transfer increasing from the 20 million tons of 1957 to more than 100 million tons today, thus greatly aggravating the tight situation in communications and transportation. Hence, while energetically developing energy industries in the western regions, efforts should be made, on the basis of the different strong points in mineral resources of the various provinces and regions, to correspondingly develop high energy consumption industries such as metallurgy, coal chemical industries, petroleum chemical industries and various mineral products processing industries. Besides, the various provinces and regions may also, on the basis of their respective existing industrial foundation, develop other superior trades, develop medium and small-sized enterprises complementary to the enterprises of the "three lines," energetically renovate their existing enterprises, do a good job in coordinating the relationship between enterprises under the jurisdiction of the ministries and local enterprises, and between military enterprises and civilian enterprises, and bring into play as soon as possible the potential of our current enterprises.

Communications and transportation are the advanced sectors of our national economy; they should proceed in the forefront. Today, the country's communications and transportation capabilities can hardly adapt to the requirements of transportation volume increase. The railway transportation mileage per sq km in the western regions makes up only 24 percent of that in the eastern regions; highway transportation mileage, only 27 percent; mail transportation mileage, only 25 percent; the state of backwardness here is especially salient and it seriously hinders our economic development. For this reason, there is need for the state to plan uniformly in order to accelerate railway construction in the western regions. For example, the electrification of the Baotou-Lanzhou Railway should be speeded up, and construction of the Zhong-Bao Railway should get started as soon as possible. Since the western regions are vast and mountainous, attention should be paid especially to the development of air transportation enterprises. At the same time, there is need also for the various provinces and regions to put forward their own respective plans for highway construction and build as early as possible a highway transportation network leading in all directions and to all localities while realizing simultaneously the rationalization of the vehicles structure. In provinces where conditions are present, efforts should also be made to energetically exploit inland river transportation.

III. Do a Good Job in Correctly Handling the Relationship in the Course of Economic Development Between the East and the West

Speaking of the two parts in general, the east has strong points in technologies, talents, capital and communications but falls short on resources, whereas the west has strong points in resources but falls short on technologies, talents, capital and suffers inconvenience in communications. This determines that the east and the west must cooperate with each other,

forth for their coal and products and save investment for railway construction; their economic results would then be far better than if they are built in the east.

In order to do a good job in the coordinated development of both the east and the west, they need the state to formulate plans for their coordinated development, to rationally arrange the regional deployment and developmental speed of key construction projects, so as to achieve optimum combined use of the resources, labor forces, capital, technologies and talents of both the east and the west.

For the sake of accelerating the economic development of the west, in the case of technical advancement, so long as conditions permit, efforts should be made to adopt a "leap" strategy by first of all using most advanced technologies selectively. But whether such advanced technologies are imported from abroad or adopted domestically, energetic support by, and cooperation with, the east would invariably be required.

IV. In the Case of the Capital and Talents Required by the West for This Development, a Stand Must Be Taken on Self-reliance and Hard Struggle

The financial resources the western regions now possess are weak; in order to exploit and utilize as early as possible the natural resources of the western regions, they need the state to increase each year its support in manpower, material and financial resources and retain the differences in credit loan reserves in the west without transferring them elsewhere on the one hand, and to dispense certain special policies which are different from those elsewhere with respect to capital, taxation and interest rate so as to strengthen the internal vitality of the various provinces and regions of the west for developing their economy on the other hand; they further need to adopt preferential policies and multifarious forms, in keeping with technological imports, to energetically import domestic as well as foreign capital so as to accelerate their economic development. But foreign aid is, after all, just an external factor; external factors can play their role only through internal factors. This requires the western regions themselves to firmly establish the concept and workstyle of hard struggle and self-reliance and strive to do their work well. For this reason, they first of all must strive to do a good job in the consolidation and renovation and reform of their existing enterprises and demand capital from an improvement of the economic results of their existing enterprises. In 1983, the profit tax per 100-yuan fixed assets created by enterprises owned by all the people in the 11 provinces and regions of the west was only 57.6 percent of the average national level, and less than a quarter of that of the advanced regions. In this regard, their potential for increasing their capital accumulation is very great. Next, they must strive to improve the scientific character of their investment policymaking with respect to these fixed assets, do a good job in the feasibility study of newly built projects, achieve savings in the expenditure of administrative operations, learn to raise capital from the use of capital, and thereby demand capital from an improvement of the results from their investment. At present, the potential of the western regions in increasing their production and their savings is also considerable.

each must compensate what the other lacks with what one has, each must take what the other is good at to make up what oneself falls short of so as to turn their respective potential strong points into real strong points and thereby gain common development. For this reason, the east and the west must in their production achieve the following: unite with each other internally and push together toward the outside world--namely, the west must generally open up to the east, whereas the east must energetically support the west in its development, thus the two would unite together to develop their production, enhance their economic results, create famous-brand products, and cope with the outside world together while pushing into the international market. And in the technical advancement, they must succeed in importing from without and promoting within--namely, the east and the west, after importing advanced technologies from foreign countries, must, along with its own advanced technologies, impart them and transfer them to the other side so as to achieve common improvement. Only thus can the economies of both the east and the west score faster development, the economic deployment of the whole country tend toward rationality, and our overall economy become straightened out and enlivened.

Cooperation between the east and the west should be based on the principle of mutual benefit. The west must make sure to accomplish the tasks of external transfer of materials as prescribed by the state so that the productive capacity of existing factories in the east are fully utilized. But it needs also to gradually readjust the prices of its raw materials and fuels in order to benefit capital accumulation in the west itself. Before these prices are corrected, room should be left in the plans for external transfer; it may also consider returning part of the profits to the supply bases, or establishing preliminary processing enterprises at the raw materials production bases. Hereafter, when processing enterprises are to be newly established, they should be set in a rational pattern, but in general they should be established at raw materials production bases so as to benefit the economic development of the west.

At present, the gap between the levels of economic development of the east and the west already tends to widen. In order to gradually narrow it down, it is rather necessary to speed up the pace of construction in the west. This is required not only for strengthening the unity of the nationalities and consolidating our frontier defense, so long as the direction of investment and the projects of construction are set properly, it is also beneficial to our economy. As has been stated above, the west has strong points in the development of large-scale agriculture; relevantly increasing construction investment on agriculture, forestry and animal husbandry to accelerate the speed of development would be not only beneficial to the west, but also to the east. As for the industries, from the microscopic standpoint, certain projects, when built in the west, might require more investment and yield less economic results temporarily than if they are built in the east; but certain other projects might not be the case. From the standpoint of macroscopic economy, certain projects, when built in the west, would be closer to energy and raw materials bases, the deployment of productive forces for them would be rational, and they can hence reduce the transportation operations back and

The western regions of course lack capital for construction, but comparatively, they lack talents even more. Therefore, they should place the exploitation of talents ahead of all tasks, grasp it closely, and grasp it well.

Shortage in talents is national in scope; the fundamental way to solve this shortage can only be to produce them themselves. They energetically grasp basic education on the one hand and run well their vocational middle schools and technical schools on the other hand. What urgently needs to be done is to raise as early as possible the knowledge and technical level of their current middle-aged and young staff members and workers and countryside youths, especially concentrate their energy on training leading personnel of the economic departments. Only by improving the scientific knowledge level of the leading cadres can they improve, through them, the scientific character of their policymaking, launch the training of all their personnel, and improve the quality of their enterprises.

Whether training new talents or doing a good job in their current work, they must first of all rely on their existing talents. The 24 December 1984 issue of the "World Economic Herald" reports that "According to surveys conducted in the northwestern and southwestern regions, scientific and technological personnel who can be rationally used and whose use proves to be irrational each make up about 20 percent of the total; more scientific and technological personnel, however, can play a role but are unable to demonstrate what they are good at." Such evidence of waste of talents needs to be urgently solved.

Intellectuals of most of the provinces and regions of the west are from the outside; hereafter it is still necessary to import talents from the outside. But during the past few years, the evidence of intellectuals lost to other areas has been rather serious. In our region, for instance, not a few scientific and technological personnel who had come to support Ningxia have been leaving on the one hand, while on the other hand almost half of students whose homes are in Ningxia and who have entered universities elsewhere are not coming back. In the western regions, in order to stabilize the ranks of the existing intellectuals and further import talents, it is rather necessary to formulate a special policy on talents. In respect to the scientific and technological personnel working in the western regions, for instance, better conditions in their work may be created for them, preferential treatment may be granted them in their living conditions and expenses, and warm care may be extended to them politically. Turning in the direction of the country's student-recruiting universities and colleges, they should increase their student quotas in the provinces and regions of the west proportionately along with their recruitment targets, and also practice training them in definite directions; after the students graduate, they should assign them back to their original western provinces and regions and, in the case of those entrusted to them for training, refrain from collecting fees from them for such training. But this special policy should be formulated uniformly by the state in order to avoid letting the various provinces and regions raise their conditions of preferential treatment for the sake of competing for the talents and thereby give rise to certain wrongdoings and side effects. Besides, efforts may also

be made to adopt the forms of "migratory birds" and a "rotational method" for the sake of attracting the intellectual power of eastern talents to move toward the west.

It is an inevitable trend for us to exploit and utilize the rich resources of our western regions in our economic development. For this reason, beginning immediately we must quickly do a good job in our various preparatory work. We must energetically strengthen our surveying and exploration of natural resources so as to further learn the actual situation of our resources. On this basis, the state shall formulate overall plans for the exploitation and utilization of our natural resources, and the various provinces and regions shall then formulate their respective detailed regional plans. Beginning right away, the various provinces and regions may follow the deployment of productive forces and key points of exploitation in the country to organize forces, with respect to the resources that may be exploited in their own respective provinces and regions, for the carrying out of deepening and careful feasibility study, and thereby put forward one or several feasible, alternative construction programs for research and policymaking when needed. Meanwhile, they should strengthen their scientific research institutions to concentrate on questions of exploitation and utilization of the resources of their respective provinces and regions, allocate special funds by periods and by batches to arrange key problem-tackling projects in science and technology, set a time limit for a breakthrough, and thereby make good scientific and technological preparations for the exploitation and utilization of their resources. On the basis of the characteristics of mineral resources of the west in that there are plenty of primary and secondary ores, efforts must be made especially to strengthen their scientific research in the comprehensive utilization of such mineral resources. This will be of great economic significance.

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ECONOMIC MANAGEMENT

GOVERNMENT TO IMPORT MORE MANAGERIAL, TECHNICAL EXPERTS

HK140206 Beijing CHINA DAILY in English 14 Jun 86 p 1

[By staff reporter Zhu Ling]

[Text] China is planning to "import" more foreign brainpower to help the country's modernization drive over the next five years.

A senior official of the China Association for International Exchange of Personnel said yesterday that priority would be given initially to inviting more retired managerial and technical experts who were "genuinely talented and in good health."

A series of policies and regulations that would help enterprises import foreign brainpower are also being formulated.

"The Seventh 5-Year Plan (1986-1990) is a decisive period for our country's overall reform of its economic system and it is also an important time to train more talented people for the 1990's when larger and faster strides in economic development are expected," he said.

Since 1984, the practice of inviting foreign technical and managerial experts to work in China and sending people abroad for special training has gained momentum.

The official told CHINA DAILY that the number of foreign experts who came to work in China had been steadily increasing, hitting more than 10,000 last year. They are mainly teachers, technical and managerial experts and specialists who accompany imports of their firms' equipment.

Imported brainpower, he said, had proved to be valuable in five ways: improving enterprise management and technical modernization, the development of new products and technology, advice on the design and construction of some key projects as well as some scientific research projects.

Most of last year's projects that involved foreign "intelligence" had shown good results, especially in such areas as car manufacture, mining, aircraft, shipbuilding, dying and printing, hydropower and agriculture, he said.

In the meantime, China has sent many young and capable technicians and managers abroad for training in Japan, Federal Germany, the United States, Britain, France and others.

"The last two years have proved that the practice of importing foreign brainpower is of strategic importance to the country's modernization campaign," the official said.

The plan to invite more foreigners to work in China comes at a time when there is a tendency to focus on importing equipment and attracting investment. Some people still believe that these are the key to China's development.

Premier Zhao Ziyang has said that China's effort to modernize not only needs overseas technology and funds, but also, and most important, needs skills and managerial expertise.

The party General Secretary Hu Yaobang also urged the whole country to "import" specialists from the rest of the world.

"Practice has shown that modernization is impossible to attain through buying several sets of large-scale industrial equipment and that intelligence is a kind of "living power" that can serve modernization," the official said.

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ECONOMIC MANAGEMENT

JIANGSU FINANCE OFFICES AID RURAL INDUSTRY

OW170606 Beijing XINHUA in English 0553 GMT 17 Jun 86

[Text] Nanjing, 17 June (XINHUA)--Production by rural factories in Jiangsu has soared since the province began setting up local finance departments in rural townships in 1984, a finance official said here today.

Owing to the underdeveloped nature of the rural economy, only the central, provincial, municipal and county governments had finance departments. The financial function of the government has never extended to the township level, the lowest level of government in rural China immediately after the county.

Jiangsu is pioneering the running of local finance departments in townships, as part of the national economic reforms. They collect taxes and supervise the supply of funds for rural production.

In the past, finance officials at county level performed these duties, but this became increasingly difficult as rural commodity economy developed rapidly in recent years.

Loans used to be issued to towns and villages according to quotas estimated by county officials. This led to funds lying idle in some areas, while other places were short of money.

But the new departments, which have been set up by all 2,000 town and township authorities in Jiangsu, are aware of local requirements, and ensure that loans are made where they are needed, said Zhang Kaihui, vice-director of the Provincial Finance Bureau.

They collect taxes and advise local collectively-owned factories on ways to cut costs and improve management. As a result, Jiangsu's rural industry produced 38.3 billion yuan worth of goods last year--60 percent more than in 1984.

Total rural output value in the province almost tripled from 27.4 to 77 billion yuan between 1980 and 1985. Industry, construction, transport and commerce contributed 62.5 percent of last year's total.

With 7,400 employees working in rural areas, township-level financial departments collected 2.56 billion yuan in taxes last year--24.3 percent more

than in 1984. Revenue from rural areas accounted for 28.5 percent of the provincial total.

Since their establishment, these local finance offices have given priority to supporting rural commodity production, the development of local resources and the improvement of economic returns.

For example, industrial output value rose 70 percent and profits and taxes more than doubled in Xushi township, Changshu city, last year, where the finance department ensured the supply of working capital to rural enterprises by cutting or postponing 10 major, non-profit-making capital construction schemes when the government tightened money supply.

In another case, township financial departments in rural Xuzhou city allocated 5,400,000 yuan to help develop 1,000 production schemes. This increased state taxes by 770,000 yuan and profits by 500,000 yuan, said Zhang.

Township Financial Departments also allocated 100 million yuan to improve school facilities and raise teachers' pay.

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ECONOMIC MANAGEMENT

JIANGSU CIRCULAR ON HANDLING ENTERPRISE PROFITS

Beijing ZHONGGUO XIANGZHEN QIYE BAO in Chinese 9 Nov 85 p 1

[Report by Pang Tianzhong [6614 1131 0022]: "Jiangsu Province Issues Circular to Require: Earnestly Do a Good Job in Distributing and Using Profits from Rural Enterprises"]

[Text] The township and town enterprises administrative bureau and provincial agricultural bank of Jiangsu most recently issued a circular to require that the various county bureaus and banks grasp well the distribution and use of profits from township and town enterprises as an important task before the end of the year.

According to statistics by concerned departments, during the first half of this year the free working capital of township and town enterprises in Jiangsu Province has decreased by 10 percent compared to that of the corresponding period last year. The main reason for this was because the profits of part of these enterprises were not used to replenish their working capital as had been prescribed. Apart from this, the profits of certain other enterprises proved to be uncertain.

In response to these conditions, the circular provided concrete prescriptions in respect to the finances, contracting, entitlement to tax reduction and/or exemption, and credit loans of the enterprises. The circular stressed that the various counties, prior to the distribution of profits this year, must conduct a comprehensive inspection with respect to the finances of the enterprises and, in the case of enterprises with fraudulent accounting and separate accounting practices and wilfull encroachment upon state and collective interests, they must handle them conscientiously, including meting out punishment in respect to the issuing of credit loans. All enterprises must accurately calculate their profits; those which should not be subsumed under costs cannot be so subsumed. Before receipts from sales are registered into account, they shall not be calculated as profits and subjected to distribution.

The circular prescribes that, in respect to the distribution of after-tax profits, the proportions retained by the enterprises should in general not be less than 60-70 percent. Enterprises are not allowed to borrow funds in order to pay wages or to submit "profits" to cooperative economic organizations of districts and villages.

ECONOMIC MANAGEMENT

IMPROVEMENT IN SHANXI MACROECONOMIC SITUATION REPORTED

Taiyuan SHANXI RIBAO in Chinese 22 Nov 85 p 1

[Press release by Correspondence Group, Provincial Statistics Bureau: "Macroeconomic Management Initially Proves Fruitful; Speed of Growth Tends to Become Normal; Economic Situation in Our Province Is Fine; Problems of Speed Need Further Resolution"]

[Text] Since our province began to implement measures of macroeconomic management of the party Central Committee and the State Council, the excessive high-speed development of the province's national economy has gradually become normal, and our macroeconomic results have also improved somewhat.

According to the statistics of the provincial statistics bureau from January to October, the province had accomplished 15.71 billion yuan of industrial output value, thus fulfilling 85 percent of the annual plan. Compared to the corresponding period last year, the speed of increase dropped from 19 percent in January down to 16.4 percent during the first half of this year; from January through September, it decreased to 13.2 percent, and from January through October, it slowed down to 12.4 percent.

According to statistics of the first 3 quarters, profits and taxes realized by local state-run industries within plan increased by 12.9 percent; the profits and taxes they submitted increased by 28 percent; while the rate of such submission increased from the 69.6 percent of the corresponding period last year to 78.9 percent. The local financial revenues from January to October increased by 10.8 percent.

Since the beginning of this year, the momentum of excessive increase in investment in capital construction began to come under control, with the speed of increase in investment slowing down month after month. Along with this slow down in investment, the speed of construction of key projects at the same time accelerated. From January to October, the 16 major projects of the state in our province had already accomplished 80.3 percent of their investment plans; the 14 major projects of our own province had accomplished 77.6 percent of their investment plans; thus both exceeded the average level of having capital construction investment accomplished by 71.4 percent of the annual plan throughout the province.

In the process of the deepening development of the restructuring of our economic system, the purchases and sales in our urban and rural market were both thriving, with both purchases and sales growing in a sustained manner. Along with the emergence of price reform and wage reform at different points, the psychology of apprehension about the market gradually calmed down; the phenomenon of hoarded money impacting the market diminished. In addition, the purchasing power of social groups came under control, the margin of increase in the retail volume of the province's social commodities also gradually decreased. Along with this, the savings deposits of urban and rural residents of the province increased by a large margin. The increase in cash receipts at the banks proved to be faster than their cash payments; monetary investments also went down.

At present, a problem that needs further resolution in the development of the national economy in our province is still the increase in accumulation and consumption exceeding the speed of increase in production; the condition of the excessively large scale of investment in capital construction is still not fundamentally reversed; prices in the market are rising too fast; because the rate of increase in production has been too high, exceeding that of our transportation capacity, relief for the tight transportation situation will be delayed. All of these are problems during our progress; under the guidance of correct principles and policies of the party Central Committee, they will be solved gradually.

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ECONOMIC MANAGEMENT

SUPPLY, MARKETING COOPERATIVES' PROBLEMS DISCUSSED

Shanghai JIEFANG RIBAO in Chinese 2 Nov 85 p 2

[Excerpt] Recently, certain cadres, staff and workers of local supply and marketing cooperatives have felt that as the supply and marketing cooperatives proceeded deep into reform they had encountered numerous difficulties and the main problems thereof are:

1. After the restructuring of these supply and marketing cooperatives, the support of certain local party and government departments was reduced. Some district leaders openly said that "When we handle rural enterprises, which earn profits, the district and village would have something to gain; but when we handle supply and marketing cooperatives, we cannot share their profits." Hence, in respect to the purchasing and selling of agricultural and sideline products, they were not as supportive as they used to be. The supply and marketing cooperatives, according to relevant documents of the provincial government, may manage liquors beyond the province's own fine products, but the concerned departments somehow proceeded to limit them. The Chuanshou municipal supply and marketing cooperatives reported that when they purchased several batches of liquor from other areas, including over 2,000 cases of the Qianjiang beer of Zhejiang, the Jiafan wine of Shaoxing, the Xiaojiaolou wine of Sichuan and the like, they were detained by the concerned departments. When they reported to the concerned leaders, they only expressed sympathy, but the matter has not been solved even today. Supply and marketing cooperatives of the Longyan prefecture also reported that the 7 counties of the prefecture had issued lumber business licenses to 443 households, but only 32 supply and marketing cooperatives were approved.

2. The supply and marketing cooperatives were not assured of industrial products under the existing plan and commodities faced shortages. The original prescription of industrial products being given priority in their supply to the countryside, with even a fixed ratio of 7:3 between the rural and urban areas, is not even now implemented, and almost none could attain such already allocated proportions. Of the 29 industrial products surveyed by Shanghang County, only the single category of T-shirts and vests reached 70 percent. Among the 300,000 population of Pingwu County, countryside population makes up 94 percent; yet since the beginning of this year its system of supply and marketing cooperatives received almost no color television sets or famous-brand bicycles whatsoever. The Jianyang prefecture

also reported that they had had no share in money made but they did in money lost; after getting a share of the color televisions sets distributed this year, the supply and marketing cooperatives there had even to subsidize each set several yuan.

3. After restructuring, tax burdens had become rather unreasonable. For instance, it is prescribed that when the supply and marketing cooperatives purchase agricultural and sideline products they must withhold for the state 5 to 8 percent of special products tax, but when individual households and other departments did so, they did not have to so withhold. This way, the peasants proved to be unwilling to sell products to the supply and marketing cooperatives or entrust them to sell for them. Most recently, it was also prescribed that wholesale departments of the supply and marketing cooperatives system at and above the county level must submit 10 percent of wholesale tax according to the difference between their purchases and sales, whereas the state-run enterprises, township and town enterprises and transport households may be exempted. Other places also reported that certain departments handling foodstuffs, fowl and eggs did not have to pay tax, but the supply and marketing cooperatives must pay "three kinds of tax."

The supply and marketing cooperatives are the comprehensive service centers for developing commodity production in the countryside; they shoulder the glorious mission of serving production, the livelihood as well as the commodity circulation of our peasants, and they are the principal channels of our countryside commerce. Party and government leaders and concerned departments at all levels should look after these supply and marketing cooperatives, support them, and do a good job in their restructuring.

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ECONOMIC MANAGEMENT

DEVELOPMENT OF HENAN RURAL ENTERPRISES DISCUSSED

Beijing NONGMIN RIBAO in Chinese 19 Nov 85 p 1

[Report by staff reporter Lu Xinyun [7627 1800 0061]: "Henan Township and Town Enterprises Show Steady Progress"]

[Text] "Henan has decided on a policy of "striving for them actively, handling them according to our own capabilities, and making progress steadily" for the development of its rural enterprises, and thereby shifted from reliance on loans for running its enterprises in the past to reliance on the masses to raise funds to run them, and from reliance on the district and village level for running enterprises to "five wheels all turning at the same time," paying attention to the development of household-based and joint-household management of enterprises.

In Henan last year, the development of rural enterprises had been fairly fast throughout the province. The output value last year broke through the threshold of 10 billion yuan, but this development was not very balanced; most places just made a start and the zeal of the vast ranks of the peasants was quite vigorous; but funds for farming loans turned out to be insufficient. In response to such a situation, the provincial party committee and provincial government adopted the aforesaid policy to implement "two shifts" and "five wheels all turning at the same time," thus better overcoming the difficulty of not having sufficient funds and enabled our rural enterprises to develop from the outskirts of cities and townships toward remote villages, and from the district and village level toward hundreds and thousands of households. Although the compression of funds for loans has been rather great in proportion, the quantity, output value and profits of, and tax money submitted by, rural enterprises throughout the province have all simultaneously undergone some growth. Up to the end of September, 320,000 enterprises had been added; their output value reached 11.45 billion yuan, an increase of 18.9 percent over that of the corresponding period last year; the tax money they submitted amounted to 280 million yuan, an increase of 13.4 percent over the corresponding period last year. In order to accelerate the development of their rural enterprises, various places of the province have also imported 457 million yuan of capital, more than 5,600 sets of equipment, more than 3,900 technical projects, and over 27,000 technical personnel.

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ECONOMIC MANAGEMENT

SHANDONG TOWNSHIP ENTERPRISES' PRODUCT QUALITY REPORTED

Beijing ZHONGGUO XIANGZHEN QIYE BAO in Chinese 30 Nov 85 p 1

[Report by reporter Liu Peifang [0491 0160 5364]: "Township and Town Enterprises of Shandong Adopt Effective Measures; Quality of Products of Key Trades Continues to Improve; There Are 75 Products Throughout the Province Having Won Superior Quality Titles of Which 2 are of Superior Quality in the Country, 32 under the Ministry, and 41 within the Province"]

[Text] In the process of developing its township and town enterprises, Shandong Province has adopted effective measures, strengthened its quality control, and, after several years of strivings, the province has altogether gloriously won 75 superior quality product titles at various levels of which 2 are of superior quality nationally, 32 are under the ministry, and 41 are within the province.

Most recently, the provincial township and town enterprises diversification bureau, following the spirit of the circular issued by the State Economic Commission and Ministry of Agriculture, Animal Husbandry and Fishery concerning the development of quality inspection, and under the energetic assistance of the unified organizations of economic commissions and concerned departments at various levels, has inspected altogether 4,143 township (town) and village enterprises, and 5,525 kinds of products. As a result of such inspection, qualified products make up 98.4 percent, of which those of the superior quality class make up 8.9 percent.

The Shandong provincial party committee and provincial government last year formulated the "Decision on the Vigorous Development of Township and Town Enterprises," which prescribes that the three great trades of rural construction materials, medium and small farming instruments, and agricultural and sideline products processing are subsumed as a matter of correspondence under the provincial township and town enterprises diversification bureau for their control. In order to better implement this decision, the provincial township and town enterprises diversification bureau has especially established an agricultural and sideline products processing center and scientific and technological service station to take the responsibility of promoting new techniques, exploiting new products, promoting overall quality control, and organizing superior quality creation and superior quality appraisal activities; thus the quality of products of the province's township and town enterprises has continued to improve.

During the past few years, township and town enterprises bureaus at various levels within the province have run more than 60 cement training classes of various types, and trained more than 3,000 person/times of various technical categories, spent 16.8 million yuan of investment on the establishment and perfecting of cement inspection instruments, and assigned 2,160 chemical testing personnel. Today, of the province's 198 small cement plants with a yearly production capacity of 2,000 tons of cement or above, 191 have, after joint inspection and acceptance by the prefectural and municipal standards bureaus, township and town enterprises bureaus, and construction materials bureaus, already attained the standard prescribed by the state construction materials bureau. This year, efforts have been made to conduct a general inspection of 180 cement plants; 1.6 million tons of cement have been inspected, which make up 94 percent of the small-producer cement production by township and town enterprises; their product qualification rate was 98 percent, an increase of 1.24 percent over that of the corresponding period last year. In 1985 the ministry of agriculture, animal husbandry and fishery named 20 small-producer cement superior enterprises across the country, with 4 in Shandong. Last year, Shandong also had 14 brick plants which gloriously won the superior enterprise title conferred by the ministry of agriculture, animal husbandry and fishery.

When uniformly transmitting the yearly production plan for medium and small farming implements, the 800 sickles and 900 hoes the province planned to produce were mainly produced by the 8 plants assigned by the provincial bureau. During the last few years, the provincial bureau has reinforced the technical transformation of these assigned plants. Today, the assigned plants have all realized mechanized production, with the quality of their products improving year after year. The "Yang Qiao Pai" sickles produced by the Guanqiao sickle plant in Teng County have gloriously won the state silver plaque award in 1981. In September this year, they once again seized first prize at the national sickle quality appraisal conference. In the hoe-manufacturing trade, because it has generally promoted the new heat-processing production technique, the endurance of its products has improved nearly 100 percent compared to that of the past. Up to the very present, among the provincially assigned 8 medium and small-scale farm implement plants, 4 have already created products judged to be of superior quality in the country, under the ministry, and within the province.

The provincial bureau, in coordination with concerned departments, has fiercely grasped the quality control over the foodstuff services of the township and town enterprises and, through its implementation of the legislation on foodstuff hygiene, launched its superior quality product creation activities in order to gradually perfect its foodstuff quality control work. This year, the provincial bureau, with the support of the industrial and commercial as well as public health and epidemic prevention departments, has jointly formulated the regulation on the stamping of numbers on cans, which has now already been put into practice. During the last 2 years, the provincial bureau has altogether organized 8 foodstuff quality appraisals. Last year, 17 foodstuff products were appraised to be of superior quality by the province, and 9 as of superior quality by the ministry. In September this year, the ministry of agriculture, animal husbandry and fishery

held a beverages quality appraisal and selection meeting in Guilin; among the fruit juice beverages 12 were selected and recommended in a report to the ministry as of superior quality, of which those of Shandong made up half. Most recently, the ministry of agriculture, animal husbandry and fishery again held a canned foodstuff appraisal in Yantai; altogether 46 kinds were selected throughout the country and recommended in a report to the ministry as products of superior quality; of these, Shandong's again numbered as many as 18.

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ECONOMIC MANAGEMENT

DEVELOPMENTS IN XINJIANG'S TOWNSHIP ENTERPRISES REPORTED

Beijing ZHONGGUO XIANGZHEN QIYE BAO in Chinese 7 Dec 85 p 1

[Report by Liu Wenhui [0491 2429 2585]: "New Momentum of Development Appears in Xinjiang's Township and Town Enterprises; By September Overall Income of 600 Million Yuan Already Fulfilled; an Equivalent to That of All of Last Year"]

[Text] In the Uighur Autonomous Region in Xinjiang, where the township and town enterprises have started late and developed slowly, there has, through the conscientious implementation of the spirit of Central Document (1985) No 1 and the conference of township and town enterprises work in the autonomous region, been new development of the township and town enterprises there. From January to September, 600 million yuan of overall income have already been fulfilled, an equivalent of the actual income of the whole year of 1984, making up 74.3 percent of the overall income of the plan of 1985. It is estimated that the whole year's overall income will show an increase of 32 percent or better than that of the last year.

This year, the main characteristics of development of the township and town enterprises of the Uighur Autonomous Region in Xinjiang are: 1) party and government leaders at all levels have begun to put the development of its township and town enterprises in the status, in the whole situation of its countryside work, of a strategic measure for realizing the quadrupling, the prosperity of the people, the reform of the industries structure in our countryside economy, and the reviving of our countryside economy; 2) they have intensified their efforts to "link up within and import from without," and carry out the opening up to the outside world. Today, they have already established a relationship of cooperation in various forms with 22 provinces, municipalities and autonomous regions, and over 3,000 projects of negotiation as to intentions, of which 500 have already been agreed upon or had the factories in question built and put into operation; 3) Enthusiasm of the peasants in running township and town enterprises has grown in an unprecedented manner. This year, there have been 60,000 rural laborers throughout the region who shifted from their planting and breeding undertakings to rural industries and tertiary industries. Meanwhile, the free capital of the rural collectives and individual peasants that is invested in the township and town enterprises has conspicuously increased. According to available statistics, from January to September this year, the funds raised by

the masses throughout the region have amounted to more than 50 million yuan, making up one-third of the overall investment in the township and town enterprises; 4) The development of the peasants' joint-household enterprises and family industries has been rapid and vigorous. This year, there have been added over 20,000 newly developed joint-household enterprises, which gathered about 30 million yuan of capital; their overall income this year is expected to be 150 million yuan, an increase of more than 60 percent over that of last year. The proportion of revenues of the joint-household enterprises and individual enterprises in the overall revenues of all township and town enterprises will increase from the 14 percent of last year to about 20 percent; 5) The structure of the trades has undergone some new changes. During the last few years, in the township and town enterprises of the Xinjiang Autonomous Region the service revenues and resource revenues have made up 60 percent or more of the overall revenues, and the countryside industries have been rather weak. This year, through readjustment and support, trades like agricultural and animal husbandry products processing, mining, construction materials, chemicals and light industries and textile have all enjoyed faster development; the proportion of the revenues of township and town enterprises in the region will increase from the 35 percent of last year to more than 50 percent.

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15 July 1986

ECONOMIC MANAGEMENT

BRIEFS

SHAANXI SERVICE TRADE EXPANSION--From the beginning of the year up to the present, the trades in which our province's individual industrial and commercial households are engaged have already developed to more than 250 kinds, which help bring even more conveniences to the lives of the masses. Through the end of September, the province's individual industrial and commercial enterprises already numbered 262,962; with more than 398,000 employees. Except in the case of the individual commercial and food industries, there has been considerable development in respect to small-scale industries, mining, construction, communications and information consultation, culture, education and art, as well as science and technology, with their trades thus numbering more than 250. In 1980, the individual industrial and commercial enterprises in the countryside made up 32 percent of the province's total individual industrial and commercial enterprises; by June this year, they had reached 76.1 percent. At the end of June this year, the average per household capital of the province's total individual industrial and commercial enterprises amounted to more than 960 yuan, an increase of 102 yuan over that of 1984, with roughly over 3,000 individual households shifting to cooperative management. [Text] [Xian SHAANXI RIBAO in Chinese 17 Nov 85 p 1] 9255

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FINANCE AND BANKING

LIAOWANG VIEWS CHEN MUHUA AT ADB ANNUAL MEETING

HK210921 Beijing LIAOWANG in Chinese No 19, 12 May 86 p 7

[Article by contributing correspondent Zhai Shuyao [5049 2885 5069]:
"Chen Muhua Attends ADB Board of Governors' Annual Meeting for First Time"]

[Text] From 30 April to 2 May, the Asian Development Bank [ADB] whose headquarters is in Manila, held its 19th annual meeting at the Philippine International Conference Center. In her capacity as the Chinese member of the board of governors, Chen Muhua, a Chinese State Councillor and president of the People's Bank of China, led a delegation to attend the meeting. This was the first time the PRC attended the annual meeting of the board of governors since it formally became an ADB member on 10 March this year.

The ADB is an intergovernmental international financial organization in the Asian-Pacific Region, consisting at present of 47 members. Its board of governors is its supreme policy decisionmaking organ.

Representatives from various member states and regions, and representatives and experts from international financial institutions, totaling over 1,200 in number, attended this year's annual meeting. Philippine President Corazon Aquino attended the opening meeting and gave a long speech of congratulations.

The responsible person in the meeting's news center told this reporter that the number of participants at this annual meeting was greater than last year because of the participation of the Chinese representatives. Over 150 reporters from all over the world came to report the meeting, and many of them came to have a special interview with Chen Muhua. The meeting participants unanimously extended their welcome and congratulations to the PRC delegation. Quite a number of participants pointed out in their speeches that the participation of China, a country with the largest population in the world, in the ADB has enabled the ADB to more properly represent the region, and to enlarge its area of operation to a region consisting of 2.5 billion people and become a really common official financial institution in the Asian-Pacific region. Some participants called this a new milestone in the history of the development of the ADB. Many participants praised China for its economic reform and policy of opening up to the outside world.

China's representation on the board of directors is a problem that should be solved at an early date after China has joined the ADB. In his opening speech, Sri Lanka's Ronnie de Mel, president of this year's annual meeting, proposed that as China was a big country with the largest population in the world, and as it was a country of decisive importance in Asia, China had to have representation on the board of directors. The representatives from most countries and areas favored his proposal. The majority of countries held that the board should be enlarged by one seat which should be given to China. This not only took into consideration China's position in the Asian and world economy, but would also not affect representation on the board of medium and smaller developing countries in the region. However, a small number of European and American countries held different views and proposed that the number of directors from countries outside the region had to be correspondingly increased. Some of them believed that there should be no change in the size of the board. Because of the differences in opinions, the annual meeting failed to make any decision on China's representation on the board of directors. ADB president Fujioka Masao said that this problem had to be solved as soon as possible. China and the ADB agreed that before the problem relating to China's representation on the board of directors was solved, China would send its representative to the ADB to attend the meeting of the board of directors.

When the PRC was admitted to the ADB, the Chinese side reached an understanding with ADB authorities to allow Taiwan to continue to keep its ADB membership under the name of "Taipei, China." However, Taiwan representative did not attend this year's annual meeting. It is reported that the Taiwan authorities have adopted a "policy of three refusals"--"refuse to accept, refuse to withdraw and refuse to participate in"--toward this decision. The people in financial circles and reporters who attended the annual meeting, held that the Taiwan authorities' attitude is impractical and unwise and that by so doing, the Taiwan authorities would only isolate themselves. At a press conference, president Chen Muhua declared: We hope that the Taiwan authorities will meet the common desire of the large number of ADB members, adopt a cooperative attitude and send representatives to attend the next annual meeting. We are willing to carry out business cooperation with representatives from Taipei, China within the scope of the ADB. We have noticed that economic, financial and press circles in Taiwan hope so also.

During the 3-day session of the annual meeting, the participants discussed the economic situation in the Asian-Pacific Region. Last year, many developing countries in the Asian-Pacific region were in economic difficulties. The GNP of the developing countries rose by only 3.6 percent on average, lower than the 6.6 percent average increase in 1984 and the 6 percent annual average increase in the preceding 10 years. The major cause of these economic difficulties was the worsening of the international environment day by day. Many representatives from developing countries expressed worries about the many problems that they encountered. These problems were: The trade protectionism conducted by developed countries; the decline

of primary products prices; the growing burdens of debt; and the huge increase in financial deficits. They raised a strong demand that the developed countries remove their protectionist trade barriers. Pakistan and other developing countries pointed out clearly that at present, the world economy is interrelated. Therefore, strengthening developing countries not only meets the interests of the developing countries themselves, but is also conducive to the cooperation between developed and developing countries. The representatives from some developed countries also realistically pointed out in their speeches the harm of trade protectionism and expressed their desire to develop cooperation with the vast number of third world countries.

The annual meeting also discussed the ADB's business and the principles for its operation in the coming year. Since its founding in 1966, the ADB has played a positive role in developing the economy in the Asian-Pacific region, provided preferential loans to some countries that were in economic difficulties, and helped some countries and areas develop their economy. Last year, the total amount of loans provided by the ADB was \$1.9 billion, a decline of 14.6 percent compared with 2.2 billion in 1984. Through discussion, the annual meeting decided to increase the Asian Development Fund in order to meet the demand of developing countries for loans. The annual meeting expressed a welcome for the actions of some European countries in providing special sources of funds for the ADB.

At the closing ceremony on 2 May, the representatives from various member countries and areas unanimously elected Masao Fujioka ADB president for another 5-year term and Noboru Takeshita, Japanese Minister of Finance, as president for the next annual meeting. They also decided to hold the next annual meeting in Osaka, Japan.

Before she left Manila, President Chen Muhua told this reporter: The 19th ADB annual meeting has scored positive achievements. The effective cooperation between the ADB and its members will certainly make positive contributions to economic development and prosperity in the Asian-Pacific region.

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FINANCE AND BANKING

BANGKOK BANK SETS UP OFFICE IN BEIJING

HK270128 Hong Kong ZHONGGUO XINWEN SHE in Chinese 1522 GMT 23 May 86

[Article by staff reporter Liu Yusheng [0491 7183 3932]: "A Milestone in the History of Thai Banking--Record of the opening of the Beijing representative office of the Bangkok Bank"]

[Text] Beijing, 23 May(ZHONGGUO XINWEN SHE)--This afternoon a jubilant atmosphere filled the fifth floor of Block A-2 of the Beijing Lidu Hotel. Distinguished Thai and Chinese guests came to congratulate Dr (Amnuai Valawong), chairman of the board of directors of the Bangkok Bank; and (Chen Yu-han), its president, on the successful opening of the Beijing representative office of the bank.

Bangkok Bank President (Chen Yu-han) told Thai State Bank Chairman (Kanchon Sathin) that the Bangkok Bank was very grateful to him for coming such a long way to preside over the opening ceremony of its representative office in Beijing, which is a great honor for Bangkok Bank.

He said: With the institution of its economic structural reform and the implementation of its modernization plan, China urgently needs foreign investment and support in the fields of science, technology, and labor service. In view of the increasingly important position of China, Bangkok Bank decided to set up a representative office in Beijing. We are deeply convinced that this will strengthen the friendship and close relations between Thailand and China.

Thai State Bank Chairman (Kanchon Sathin) wished the Beijing representative office of the Bangkok Bank success in its business and hoped that the office would make contributions to the constant development of the friendly relations between two countries.

Mr (Kanchon) said: Thailand and China have long-standing friendly relations, and the people of the two countries are quite close to each other in culture, habits, and customs. Since the establishment of diplomatic relations between the two countries in 1975, the total bilateral trade volume has increased from 2.7 billion baht in 1976 to 13.4 billion baht in 1985, over a fivefold increase in 10 years. I am very glad to see the establishment of the Beijing representative office of the Bangkok Bank.

I believe that following the development of China's economic structural reform and the implementation of its modernization plan, this representative office will support China in its economic structural reform and modernization drive, apart from promoting trade and investment between the two countries.

Tang Ke, vice chairman of the board of directors of the China International Trust and Investment Corporation; Chen Kedong, vice chairman of board of directors of the Bank of China; and Chai Zemin, former Chinese ambassador to Thailand, went to the Beijing Hotel to take part in an evening banquet to celebrate the opening of the office, after attending the opening ceremony. Also present at the banquet were Liu Hongru, vice president of the People's Bank of China; Li Peng, vice minister of the Ministry of Finance; Lin Zuyi, vice minister of the Ministry of Communications; and other Chinese and foreign guests totaling some 200 people.

In the banquet hall on the second floor of a new building of the Beijing Hotel, Dr (Amnuai Valawong) made a warm speech. He said: Setting up the representative office in such a great place as China is an extraordinary honor for everyone connected with Bangkok Bank. We believe that the establishment of the representative office is a milestone in the history of Bangkok Bank and the Thai banking business as well. In the banking business, we are convinced that we will be worthy of the support and cooperation provided for us by the People's Bank of China and relevant Thai and Chinese organs.

Mandated by the People's Bank of China and on behalf of the board of directors of the Bank of China, Chen Kedong, vice chairman of the board of directors of the Bank of China, warmly congratulated the opening of the Beijing representative office of the Bangkok Bank. He said: For many years, the Bangkok Bank, the largest commercial bank in Thailand, has played a positive role in Sino-Thai economic exchanges and monetary cooperation. We highly appreciate this. There are now over 20 Thai investment projects in China, and most of them have produced good economic results. China has run eight companies and over 20 joint ventures (mainly engaged in contract projects) in Thailand. Although Sino-Thai economic cooperation started a little late, a good beginning has been made in this cooperation. We are deeply convinced that the establishment of the Beijing representative office of the Bangkok Bank will play the role of a bridge in more effectively promoting economic, trade, technological, and monetary cooperation between China and Thailand.

In a message of gratitude, President (Chen yu-han) said that with its history of 42 years, Bangkok Bank is the largest commercial bank in Thailand and in the rest of southeast Asia as well. It has 332 branches in Thailand and abroad, with total assets of \$10 billion. Since Thailand and China established diplomatic relations, Bangkok Bank has given full support to promoting trade and economic cooperation between the two countries. Now we have set up a representative office in Beijing. This is the first

representative office established in China by a Thai commercial bank and serves as proof of our full confidence in the prospects for Thai-Sino trade and economic cooperation. We sincerely hope that we will make greater contributions to promoting trade and economic cooperation between Thailand and China.

(Bunnat Sarmasathin), executive deputy for the Thai Ministry of Finance; (Asa Sarasin), executive deputy for the Thai Ministry of Foreign Affairs; and Orachun Tanaphong, Thai ambassador to China, also attended the opening ceremony of the representative office and the banquet.

People from financial and monetary circles in China and Thailand as well as other Chinese and foreign guests proposed toasts to the prosperity of the Bangkok Bank and wished success to the representative office of the bank.

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FINANCE AND BANKING

INCOME RISES FOR RESIDENTS OF URBAN AREAS

OW140624 Beijing XINHUA in English 0612 GMT 14 May 86

[Text] Beijing, 14 May (XINHUA)--The average monthly income of urban residents reached 79.44 yuan in the first quarter, an increase of 23.3 percent over the same period last year, CHINA DAILY reports today.

The paper quotes the state statistical bureau as saying that per capita monthly wages of city dwellers averaged 64.47 yuan in the first three months of this year while their bonuses amounted to 14.97 yuan. The bureau gave these figures on the basis of a recent survey conducted in 28 metropolitan areas.

According to the survey, the city dwellers spent an average of 42.72 yuan per month on food, up from the 34.49 yuan spent in the same period of 1985. Monthly consumption of non-staple foodstuffs recorded a sharp increase.

Urban residents each month consumed an average of 1.51 kilograms of pork, 0.79 kilograms of eggs, 0.82 kilograms of fish and 0.46 kilograms of poultry.

Spending on durable goods continued to grow. By the end of March, every 100 families in the surveyed cities owned 57 washing machines, 17 refrigerators, 76 black and white TV sets, 26 color TV sets, 29 hi-fi stereos and 18 cameras. Spending on electrical appliances increased by 27.7 percent over the year ago rate.

In the first quarter of this year, city residents' purchases of cosmetics and jewelry increased by 42.9 and 20 percent respectively.

The survey also showed an income gap of 1:1.3 between inland cities and coastal cities during the same period.

The average per capita monthly income in Tianjin, Shanghai, Guangzhou and Fuzhou was 91.41 yuan while that in Xi'an, Lanzhou and Zhengzhou was 68.3 yuan. Taiyuan, the provincial capital of Shanxi province, had the lowest average income, 51.88 yuan, in the first quarter despite an increase of 9.16 yuan over the same period of 1985.

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FINANCE AND BANKING

SHANDONG REPORT ON 1985 ACCOUNTS, 1986 BUDGET

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[Excerpts of report on Shandong Province's 1985 final accounts and the 1986 draft financial budget delivered by Guo Changcai, director of the provincial Finance Department, at the Fourth Session of the Sixth Shandong Provincial People's Congress on 10 May]

[Text] 1. The 1985 Final Accounts

In 1985 under the leadership of CPC committees and governments at all levels, various localities and departments have conscientiously implemented the party line, principles, and policies as well as the various resolutions adopted at the third session of the sixth provincial People's Congress, thus scoring gratifying achievements in economic structural reform and in production and construction undertakings, making the urban and rural economy flourish, and further improving the people's living standards. On the basis of the sustained, steady, and coordinated development of the national economy, the financial budget was implemented in a good manner. The tasks for revenues stipulated by the budget were overfulfilled, and the revenues increased substantially. Expenditures increased greatly, which successfully ensured the smooth implementation of the wage and pricing reforms and the need of the development of various construction undertakings. The unified accounts of the province show that in 1985 revenues and expenditures were in balance, with a small cash surplus in hand, thus meeting the demands of the resolutions adopted by the third session of the sixth provincial People's Congress.

In 1985 revenues totalled 6.753 billion yuan, or 112.84 percent of the budgeted figure. Calculated in terms of comparable items, the 1985 revenues increased by 22.55 percent over the previous year. Of this, taxes (including the income tax and regulatory taxes from state enterprises) totaled 7.796 billion yuan; profits and taxes turned over by enterprises, 60 million yuan; and various subsidies for price differences, and for making up for the losses of enterprises, 1.172 billion yuan. These subsidies were deducted from the revenue. The substantial increase in the 1985 revenue resulted mainly from the following factors: First, production increased rapidly, the economic situation was good, and tax revenues increased accordingly. Second, after relaxing control over prices, some products were purchased

and marketed at negotiated prices, with higher prices for better-quality products, thus increasing revenues accordingly. Third, the increase in revenues resulted from such policy changes as collecting the bonus tax, resource tax, and the additional construction tax, collecting agricultural taxes in cash instead of in kind, and raising the price of standard grain. Fourth, the launching of the general survey of tax revenues and financial affairs added a part to the revenues. The increase in financial revenues was suitable for the changes of the objective economic situation.

[Word indistinct] province sold 352 million yuan of treasury bonds, and collected 451 million yuan of funds for key energy and communications projects, overfulfilling both the tasks assigned by the [word indistinct] authorities.

In 1985 expenditures totalled 5.13 billion yuan. Adding the 528 million yuan of special funds which were not consumed in 1985 and will be used continually in 1986, the 1985 expenditure was 103.8 percent of the budgeted figure. Calculated in terms of the same standard, the 1985 expenditure increased by 19.95 percent over the previous year. The relatively big increase in expenditures resulted partially from the increased revenues which provided more financial resources for the localities to use, the introduction of the wage and pricing reforms, and the development of various undertakings. Major items of expenditures were as follows: Appropriations for capital construction totalled 556 million yuan, a 7.26-percent increase over the previous year. Funds allocated for tapping the potential of enterprises or transforming enterprises totalled 121 million yuan, a drop of 23.59 percent.

The major reason for the reduction was that in order to increase enterprises' ability for transformation, financial authorities collected less depreciation funds and left the money directly to enterprises for tapping potential and carrying out technical transformations. This part of funds did not affect the expenditure, and therefore actually increased in terms of some standards. The funds for the three scientific and technological purposes totaled 53 million yuan, an increase of 0.17 percent over the previous year. The funds for the provincial-level purposes grew by 22.31 percent. Urban maintenance and environmental protection expenses totaled 393 million yuan, an increase of 78.31 percent. Aid to rural production and other operating expenses for agriculture came to 425 million yuan, a 7.44-percent increase. Operating expenses for culture, education, science and public health services totaled 1.676 billion yuan, a 22.08-percent increase. The increase in the operating expenses for education was 25.87 percent. Pensions for the disabled or for the family of the deceased, and social relief funds came to 244 million yuan, an increase of 21.94 percent. Administrative expenses amounted to 701 million yuan, a growth of 0.84 percent.

Our province's 1985 financial situation was a 179 million-yuan surplus when offsetting the overall revenue and expenditure of the province in line with the current financial system. In this way, our deficits accumulated over the past years declined from 192 million yuan to about 13 million yuan

(the deficit of loss-making units were 129 million yuan, and the surplus of profit-making units was 116 million yuan).

The fulfillment of the 1985 budget fully proved that the CPC Central Committee's line, principles and policies adopted since the 3d Plenary Session of the 11th CPC Central Committee are totally correct, and have played an increasingly greater role in stimulating the socialist economic development. The provincial CPC committee and government also achieved good results by leading the people throughout the province in implementing the resolutions of the NPC and the provincial people's congress, and adopting in a timely manner a series of measures for reform, enlivening the economy, promoting production, and increasing the revenue and cutting the expenditure. After progressive improvement over the past few years, our province's financial situation again made a great step forward last year, and experienced encouraging changes.

First, the revenue grew steadily. Since 1979 when the national economy was readjusted and restructure, the state has adopted some major policy measures for cutting the revenue and increasing the expenditure, such as raising the purchasing prices of farm and sideline products, expanding the financial power of enterprises, increasing the subsidies for such farm and sideline products as grain, cotton, edible oil, meat, eggs and vegetables alone totaled 10 billion yuan in the Sixth 5-Year Plan period. These measures effectively promoted industrial and agricultural production, which in turn laid a solid foundation for the increase in the revenue. In 1979, the province's revenue declined by 15.33 percent; in 1982 it rose to a level of that in 1978; in 1983 it grew by 10.5 percent; in 1984 it again achieved a 7.7-percent increase; and in 1985 it increased by 1.37 billion yuan over the previous year, and the financial resources at local authorities' disposal increased by 1.1 billion yuan, representing the largest annual increase in many years.

Second, the expenditure pattern became more rational. In the first few years after economic readjustment, the expenditure declined for 3 years in succession due to the reduction of the revenue and local financial resources. In 1982, it picked up, and rose to a level close to that of 1978. After that it grew every year, changing the passive situation in which the expenditure could only maintain the basic needs. In particular, expenses for cultural, educational and public health undertakings, urban construction, the welfare of staff [word indistinct], and other work aiming at improving the people's material and cultural lives increased substantially. Allocations for culture, education, science, technology and public health were 869 million yuan in 1980 and 1.676 billion yuan in 1985, showing an average annual increase of 14 percent. Expenses in the urban maintenance and construction increased from 95 million yuan in 1980 to 356 million yuan in 1985, a 270-percent increase.

Third, financial deficits were reduced, and some reserve strength was accumulated. Our province suffered from deficits in 1979 and 1980 in succession. During the Sixth 5-Year Plan period there were another 2 red

years, and the accumulated annual deficits surpassed 300 million yuan at most. Through many years of hard work, these deficits have already been solved basically. Along with the improvement in the financial situation, financial departments at all levels have positively raised funds, gradually established and constantly expanded circulating funds for supporting the diversified occupations in the rural areas, town and township enterprises, development of mountainous areas, farmland water conservancy projects, and aquatic products and breeding industries, as well as the fund for supporting the underdeveloped areas. Last year the province also introduced on a trial basis the method of establishing a circulating fund for supporting the development of the cultural, educational, scientific, and public health undertakings, thus not only supporting the development of the current production and construction projects, but also accumulating a number of financial resources for the vigorous economic development in the last decade of this century.

At present, the general financial situation is good, the task of effecting a fundamental turn for the better in financial situation has been basically fulfilled, and revenue and expenditure have begun to embark into the orbit of a benign cycle. However, we cannot say that our financial situation is very good; the contradiction between demand and the possible supply of funds remains very conspicuous; and many financial difficulties remain. In particular, some localities have increased their revenues in a slow manner; some counties have been unable to make both ends meet, and still depended on subsidies to lead their lives; and some areas now still take on the burden of deficits. At the same time, along with the further development of reform, some new factors for revenue reduction and expenditure increase will appear, and the financial balance will not be very stable. A slight negligence will lead to a passive situation. In our work, there still are some problems. Major indicators are: First, many enterprises suffer from the poor management and technological expertise, fail to meet the state requirement on self-digesting the wage increase and the price hikes of raw materials emerging in the course of reform, and fail to fundamentally change the poor economic efficiency. The problem of setting irrational quotas on enterprises has not yet been solved. Second, the supervision on financial management is not strict, and loopholes in revenue and expenditure are very serious. Collection and management of the scattered taxes from country fair trade are still a weak link, and tax evasion in this regard is relatively serious. Third, some localities and units have not acted according to their financial capacity and wasted their money. These problems must be solved conscientiously.

2. The Draft Financial Budget for 1986

The year 1986 is the first year of the Seventh 5-Year Plan period, and the financial situation in this period will be very good. In line with the guidelines of the Fourth Session of the Sixth NPC, the principles for arranging the province's financial budget are as follows: Further improving the measures for reforming financial and tax systems in line with the

demands of consolidation, digestion, supplementing, and improvement; adhering to maintaining balance between revenues and expenditures, and ensuring the construction of key products with due consideration to ordinary ones in distributing financial resources; giving priority to ensuring the allocations for the wage and pricing reforms and for the necessary undertakings; striving to increase investment in agriculture; further supporting the development of cultural, educational, scientific, and public health undertakings; and continually improving the material and cultural livelihood of the urban and rural people.

In line with the state-assigned tasks, the 1986 budgeted revenue is 7.418 billion yuan, an increase of 9.85 percent over the previous year. Of the sum, tax receipts (including income taxes and regulatory taxes of state enterprises) total 8.213 billion yuan; profits delivered by enterprises total 127 million yuan; and various subsidies for price differences and enterprise deficits come to 981 million yuan. In addition, the central authorities have assigned a treasury bond purchasing task of 346 million yuan, and a task to collect 257 million yuan of key energy and communications project construction funds, both remaining the same as those of previous years.

In the 1986 budgeted expenditure, that at the disposal of local authorities is 4.561 billion yuan, 12.75 percent more than in the previous year. The essential breakdown for the expenditure is as follows: Appropriations for capital construction total 390 million yuan, 12.86 percent more than in the previous year; funds for the three scientific and technological purposes come to 41 million yuan, an increase of 13.83 percent in terms of comparable standards; expenses for urban maintenance and environmental protection are 413 million yuan, an increase of 13.89 percent; aid to rural production and other operating expenses for agriculture total 432 million yuan, and 11.68-percent increase; operating expenses for culture, education, science, and public health services are 1.844 billion yuan, an increase of 12.2 percent, of which the operating expenses for education grew by 14.03 percent; pensions for the disabled or for the family of the deceased, and social relief funds total 181 million yuan, a 7.46-percent increase; administrative expenses total 743 million yuan, a 7.66-percent increase; and reserve funds are 70 million yuan. According to the financial system of cooking with separate stoves, financial departments at various levels may make [word indistinct] arrangements according to their financial capacity.

I will make the following explanations on the arrangements for this year's budget.

1. Except for subsidies for the increased prices of above-quota grain and edible oil, the subsidies for the lard used in making soap, subsidies for cotton price difference, marketable coal and pigskin, and subsidies aiming at stabilizing market pork and vegetable prices that are provided out of policy considerations are deducted from the revenue as in the past. In line with the guidelines of the fourth session of the Sixth NPC, these price subsidies should be listed as an item of expenditure and made known to the public so that the people's congress can better examine the actual scale of

Generally speaking, this year's budget is rather strained. With regard to the revenue, last year's growth was substantial, and in this year, some factors contributing to single-item and temporary increases have disappeared. At the same time, some revenue-cutting and expense-increasing items have come out one after another since the beginning of this year. All this will have a fairly great impact on revenue. With regard to expenditures, expenses will increase fairly greatly because of the wage and price reforms last year and this year, and the increases in staffing and wages. Therefore, this year's task of balancing revenue and expenditure is very arduous. We should remain clear-headed, step up our work, be more prudent in spending money, and guard against blind optimism and taking things lightly.

3. Strive to Increase Production and Practice Frugality, Increase Revenue and Cut Expenditure, and Ensure the Successful Fulfillment of this Year's Budget

In order to successfully fulfill the 1986 budget, consolidate and develop the financial achievements we have already scored, maintain a financial balance, support reform in various fields, and promote economic development, we should unify our understanding and exert concerted efforts to grasp the following work conscientiously:

1. We should continue the financial and tax reforms, and make good preparations for the reforms in next year and the year after. We should follow the State Council's arrangements to do a good job in reducing the regulatory taxes of large and medium-sized enterprises and in gradually raising the depreciation rates of some enterprises while continuously invigorating small enterprises so that enterprises can acquire more vitality. We should expand the scope of value-added tax collection step by step and promote specialized production and lateral economic cooperation. The method for levying income taxes from urban and rural self-employed laborers engaged in industrial production or business should be gradually improved in order to further regulate the interests of the state, the collective, and the individual. In the financial system, this year we should continue the method of "defining different categories of taxes, and examining and approving revenue and expenditure, with the authorities at different levels each fixing their responsibilities." After conducting investigations and study, and summing up experiences, the methods for distributing and managing city, prefectural, and county financial resources should be improved whenever necessary. Efforts should be made to accelerate the pace of building financial affairs at the township-town level in order to meet the need of building political power at the township-town level and the development of the rural economy. We should take into overall account the scope of financial revenues and spending at county and township levels, the situation of financial systems and measures, and the distribution of financial sources. Efforts should be made to enable these accounts not only to be favorable to bringing into play the enthusiasm of townships and towns in increasing revenues and curtailing expenditures, but also to be favorable to consolidating financial affairs at the county level. A good job should be done in continuously carrying out enterprise-style management among the

budgeted revenue and expenditure and the policy on fund distribution, and the people can understand more comprehensively the state's efforts to improve the urban and rural people's living standards and promote industrial and agricultural production. Because this reform involves a series of issues on the accounting of the central authorities and the province, and of the province and various cities and prefectures, this budget has been worked out temporarily according to the original methods. When these subsidies are listed as an item of the expenditure, the 1986 budgeted revenue and expenditure will increase correspondingly.

2. This year's budgetary funds for enterprises to tap potentials and carry out technical transformation show a 10.67-percent decline from the previous year. This is mainly because of the readjustment of the items of the budget. Although the budgetary funds for enterprises to tap potential and carry out technical transformation have been reduced, enterprises have more channels to obtain potential tapping and technical transformation funds thanks to the state's several policy measures to relax restrictions and invigorate enterprises. For instance, effective last year, a 70-percent reduction has been granted to the increased part of the regulatory taxes over the previous year, and this year the state has again granted our province regulatory tax reductions and remissions, totaling some 57 million yuan, for large and medium-sized enterprises, and raised some enterprises' depreciation rates in a planned manner. Such measures help increase the funds for enterprises to tap potentials and carry out technical transformation.

3. In line with the guidelines of Document No. 1 of the central authorities, we have made great efforts to increase investment in agriculture when arranging our local budget. Following the development of the rural commodity economy and the reform, financial investment in support of agriculture has become multifaceted. For example, the state recently assigned a 60 million-yuan quota of special funds for grain development at various levels; the central authorities will allocate some subsidies for developing cotton and lean-meat hog production bases, and the local authorities should also allocate some; and the funds earmarked for supporting economically underdeveloped areas will increase from 5 million yuan in the previous year to 16 million yuan, which will also be used in supporting agriculture. In addition, the state has adopted measures, such as tax reduction and subsidies, to lower the price of fertilizer sold by small plants, and the benefits to agriculture will reach approximately 120 million yuan throughout the province. The agriculture-oriented circulating funds issued by various financial departments may be used when recovered. A success in managing and using these funds will help to promote agricultural production.

4. Because of the funds needed in the wage reform of administrative units and institutions, including the phase-in payment resulting from the wage reform carried out in the latter half of 1985, in solving certain outstanding problems that cropped up in the reform, and in readjusting the wage categories of some localities, the annual expenses will increase by more than 200 million yuan, which have been incorporated into relevant budget items.

establishments and units and in adopting various ways and means to encourage or support these establishments and units to strengthen their management by developing a diversified economy and expanding the service scope and to increase their incomes in a reasonable way. Those units who are already enforced enterprise-style management should be provided with the relevant self-determination power in production, business operations, profit distribution, wages, and [word indistinct]. Meanwhile, efforts should be made to progressively cut their state subsidies until they totally become self-reliant and increase incomes from their technical renovation results.

2. Efforts should be made to vigorously increase incomes from the increased output and to increase economic results in order to ensure the steady increase of financial revenues. The economy is the financial foundation and production and returns are the sources of financial revenues. If we fail to show a 10 percent increase in the annual total industrial output value this year, we will be hard up in financial affairs because of so many factors reducing income and increasing expenditures. Therefore, efforts should be made to increase production and to continuously open new financial sources in order to provide more incomes for state finances. In line with the relevant provisions issued by the State Council, we should actively promote lateral economic associations by vigorously enforcing financial and tax policies and encourage enterprises, on the basis of taking voluntary action and stressing mutual benefits, to establish trans-regional, transprofessional, and trans-urban-and-rural associations and cooperation with the key enterprises as backbone forces and famous and fine-quality products as the main targets. Attention should be paid to strengthening the business and financial management of enterprises; enforcing strict scientific accounting systems and responsibility systems in the economy; supporting enterprises to make technical renovations and progress; vigorously reinforcing the enterprises' strength in self-improvement, technical digestion, and in facing an emergency; upgrading the quality of products; increasing the output of products enjoying brisk sales; lowering costs and expenses; accelerating fund circulation; and achieving the largest economic results by using the smallest consumption.

Efforts should be made to earnestly implement Document No. 1 issued by the CPC Central Committee this year; to continuously support the drive to conduct reforms in economic systems in the rural areas; to improve the conditions of agricultural production; to promote the readjustment of the production structure in rural areas; to support the research, exploitation, and application of agricultural science and technology; and to successfully render services before or after production. While vigorously grasping grain production, we should vigorously support the development of township and town-run enterprises and a diversified economy. Efforts should be made to support them as much as possible in funds or in enforcing relevant policies in order to help them enhance business and financial management, do a good job in carrying out economic accountings, and stress economic results to maintain their vigorous vitality.

Efforts should be made to vigorously organize incomes on the basis of enlivening the economy and developing production. In line with the policy, efforts should be made to collect all money that deserves to be collected according to fixed volume and to hand them over to the state. We should further enhance tax revenues, deeply carry out propaganda work on the tax law, enhance tax revenues and management in a down-to-earth manner, and should particularly do a good job in grasping rural tax revenues. In line with the unified arrangements made by the State Council, a good job should be done in organizing the annual general inspection of tax revenues and financial affairs in order to strictly enforce the law and discipline and to ensure that income increases from increased output.

3. We should strengthen and improve macroeconomic management, act according to our capacity, and strictly control and curtail financial expenditures. Governments at all levels should keep expenditures with revenue limits in spending money and handling affairs, arrange for various items of expenditure in accordance with the possibility of local financial resources, strive to maintain a balance between revenues and expenditures, and actually keep the scale of expenditures within the limit of the budget. In line with the state plan, we should spend our money on production and construction projects in the right order of importance and urgency and on the items which are needed most urgently. This is an important principle for socialist economic work and financial work. Embezzlement is a crime, and waste is also a crime. At present some units still indulge in serious waste in the fields of production, construction, circulation, and consumption. Some localities and units are pursuing high-grade living facilities, and go in for grandiose projects in capital construction regardless of the possibilities of manpower, materials and financial capacities. Some continue to arbitrarily issue bonuses and materials, thus infringing upon the long-term interest of the state and the people. Failing to thoroughly solve these problems will prevent us from developing the socialist economy and straightening out party and government style. Carrying forward the glorious tradition of working arduously and building up the country through thrift and hard work is an important content of building a spiritual civilization. We should attend to doing political and ideological work and strive to enable everybody go show concern over the utilization results of funds and to struggle against various phenomena of waste. As for some serious waste cases, conscientious investigations must be conducted, strict punishment must be given, and those leaders and persons responsible for the cases must be called to account.

4. We should concentrate our efforts on helping in a planned way those poverty-stricken counties whose expenditures surpass revenues to change their situation. At present there are more than 50 counties whose revenue fall short of expenditures, which have relatively more difficulties, and whose economic, cultural, educational, and other undertakings have developed slowly. We should help in a planned manner these counties develop production, open up financial sources, increase revenue, strengthen economic vitality, and change the situation of their revenue falling short of expenditures.

Financial and tax departments at all levels should further straighten out the guiding ideology for professional work. These departments should strengthen self-construction, improve the competence of cadres, and vigorously promote the development of production with the stress on the improvement of economic efficiency. These departments should also constantly open up new methods for earning, accumulating, and using money, should strive to increase revenues and economize on expenditures, and should work hard for the fulfillment of the 1986 budget.

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FINANCE AND BANKING

REPORT ISSUED ON BEIJING MUNICIPAL 1985 ACCOUNTS, 1986 BUDGET

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[Excerpts of the report on the 1985 Beijing municipal final accounts and the draft 1986 budget, delivered by Wang Baosen, director of the Beijing Municipal Financial Bureau, at the 5th Session of the 8th Beijing Municipal People's Congress on 14 May]

[Text] Fellow deputies:

Entrusted by the Beijing Municipal People's Government, I now submit the report on the 1985 municipal final accounts and the draft 1986 budget to the present session for examination.

1. The 1985 Final Accounts

The 1985 financial budget was implemented with good results on the basis of the sustained, stable, and coordinated development of the national economy. Now I would like to report on the implementation of the 1985 financial budget.

The 1985 municipal budget for revenues adopted by the fourth session of the eighth municipal People's Congress totaled 4.52 billion yuan, but it was fulfilled by 5,234.691 million yuan, 116 percent of the budgeted figure. Of this, taxes totaled 44,414,207 million yuan, or 134 percent of the budgeted figure; revenues from industrial enterprises totaled 1,274.841 million yuan, or 91.6 percent of the budgeted figure (104.3 percent of the budgeted figure in terms of comparable standards); revenues from communications departments totaled 28.612 million yuan, or 114.5 percent of the budgeted figure; revenues from construction and building enterprises totaled 60.99 million yuan, or 122 percent of the budgeted figure; agricultural taxes totaled 25.762 million yuan, or 155.2 percent of the budgeted figure; subsidies to make up for the losses incurred by grain departments due to policies totaled 220,222 million yuan, or 161.9 percent of the budgeted figure; and other subsidies and losses permitted by policies totaled 382.393 million yuan. All of these subsidies and losses permitted by policies have already been deducted from the total revenues.

The 1985 municipal budget for expenditures adopted by the fourth session of the eighth municipal People's Congress was 3,039.859 million yuan. In the course of implementing this budget, the budget for expenditures was readjusted to 3,759.669 million yuan as required after being approved by the Standing Committee of the municipal People's Congress. The result of the implementation shows that the total expenditures amounted to 3,298.594 million yuan, or 87.7 percent of the readjusted budgeted figure. Of this, appropriations for capital construction totaled 1,082.58 million yuan, or 88.8 percent of the budgeted figure; funds allocated for tapping the potential of enterprises or for transforming enterprises totaled 298.993 million yuan, or 99.9 percent of the budgeted figure; expenses for the three scientific and technological purposes totaled 69.629 million yuan, or 87 percent of the budgeted figure; allocations for supporting agriculture and for agricultural undertakings amounted to 122.558 million yuan, or 80.2 percent of the budgeted figure; allocations for urban maintenance amounted to 157.492 million yuan, or 97.8 percent of the budgeted figure; allocations for cultural, educational, scientific, and public health undertakings amounted to 684.19 million yuan, or 92.6 percent of the budgeted figure; expenses in administrative management amounted to 158.68 million yuan, or 99.2 percent of the budgeted figure; allocations for subsidizing the foodstuffs of the urban residents amounted to 328.882 million yuan, or 81.1 percent of the budgeted figure; and allocations for undertakings of industrial, communications, and commercial departments, for giving employment to urban youths, for the disabled and the family of the deceased, for social relief, and for undertakings of other departments totaled 395.65 million yuan.

Excluding the portion turned in to the central authorities, the 1985 revenues and expenditures were in balance, leaving a small cash surplus in hand.

The result of the implementation of the 1985 financial budget shows that the budget for revenues was overfulfilled, and the expenditures ensured the development of key construction projects and various other undertakings and the smooth progress of various reform projects within the approved scale.

1) On the basis of economic development and expansion of financial sources, the revenue budget was overfulfilled by a relatively big margin. The 1985 revenues were 720 million yuan more than the budgeted figure, a 13-percent increase over the previous year in terms of comparable items, and higher than the increase in revenues has seldom been seen for the past few years and the amount of revenues has been a record high since the founding of the PRC. This mainly resulted from the situation in which the reform promoted the sustained, stable, and coordinated development of the national economy, the economic work began to embark on the road of increasing economic efficiency, and the financial sources were consolidated and expanded.

2) Profits retained by enterprises increased and the capability of enterprises in self improvement and development was upgraded to a certain extent. Over the past year, the municipality has adopted a series of measures to further enforce the encouragement policy by conducting the second-stage reforms in improving the system of replacing profits handed over to the state with collecting taxes. According to statistics, in 1985, the municipality's enterprises retained 1.97 billion yuan of profits, a 600 million yuan and 43.7 percent increase over the 1984 figure. The rate of depreciation in fixed assets among the state local industrial enterprises reached 5.2 percent on the average, a 05.-percent increase over the 1984 figure. Depreciation funds showed a 40-million yuan increase. The increase of financial strength among the enterprises has created a favorable condition for conducting technical renovations, developing new technology and new products, increasing economic results, and for enhancing the reserve strength of enterprises.

3) On the basis of developing production, the people's livelihood was further improved and the enthusiasm of staff members and workers was brought into play. In 1985, the municipality spent 1.9 billion yuan in readjusting wages of staff members and workers in the administrative and business units and the public-owned enterprises and in giving subsidies for the people's livelihood. Of this spending, the wage increase of staff members and workers in the state organs and business units and the public-owned enterprises reached 380 million yuan. In line with the state stipulations on price reform, effective 10 May, the municipality adjusted the purchasing and marketing prices of pork and six other commodities. In order that the people's lives will not be affected by the price adjustments, the municipality now issues a 7.5-yuan nonstaple food subsidy to every urban resident per month (the per-capita subsidy for minority Muslims and college and university students is 9 yuan per month), and the spendings for this proposal will total 330 million yuan in 8 months. In addition to the subsidies mentioned above, the municipality also spent 1.19 billion yuan on various subsidies for the people's livelihood. Calculated in terms of urban residents, the yearly average per capita subsidy reached 198 yuan. Of this subsidy spending, the policy considerations for those in grain and edible oil reached 470 million yuan; those in meat, eggs, poultry, vegetables, and fish, 415 million yuan; those in cooking coal and LPG, 130 million yuan; those in street cars, buses, and subway trains, 85 million yuan; those in rent and heating facilities, 21 million yuan; those in textbooks of middle and primary schools, 2.2 million yuan; those in soap, 8.8 million yuan. To further explain, the reason why the municipality appropriated 415 million yuan for subsidies after relaxing the price control of seven commodities including pork in 1985 is mainly because of the larger losses incurred before the relaxing of price control. Though the losses decreased after the relaxing of price control, the state should still give subsidies to some commodity producers in order to maintain a balance in prices and to ensure a certain stock of meat and eggs. In particular, the financial department should give a certain subsidy to vegetable producers in order to ensure the basic stability in prices.

The people's livelihood was still markedly improved thanks to the increase of wages among the staff members and workers and the subsidies of nonstaple foodstuffs, though commodity prices were somewhat raised. In 1985, the average wages of staff members and workers showed an 11.4-percent increase over the 1984 figure after deducting the factor of price hike. Per peasant income showed a 16.7 percent increase over the 1984 figure.

4) The key construction projects were ensured and the construction of the basic municipal administrative facilities was enhanced. In 1985, the spending on capital construction showed a 7.6 percent increase over the 1984 figure, which was mainly used for the construction of the basic municipal administrative facilities. The municipality completely built a large number of backbone projects closely related to the people's livelihood, including water supply, gas supply, road construction, and housing construction. In 1985, the municipality spent 157.492 million yuan on urban maintenance, (totaling 203.492 million yuan plus the additional funds for maintaining urban public utilities), which were mainly used for the ordinary expenditures of urban afforestation, environmental sanitation, and public facilities.

5) Expenditure on intellectual development increased considerably. This helped promote the development of educational, scientific, and public health undertakings. The expenditure on educational, scientific, and public health undertakings in 1985 increased by 23.6 percent over that of 1984. When deducting the incomparable factors for readjustment of wages, the expenditure on these undertakings increased by 13.6 percent. The expenditure on sports, cultural, and broadcasting undertakings in 1985 showed substantial increases over that of 1984. This helped promote the socialist spiritual civilization. Besides these, the municipality has made new achievements in developing these undertakings.

6) Agricultural production was supported and the readjustment of the rural production structure was promoted. The allocations for developing agriculture and agricultural undertakings in 1985 increased by 9.8 percent over that of 1984. According to the guidelines of the Document No. 1 of the central authorities and the municipal CPC Committee's instructions on "serving the capital and making the peasants prosperous," the municipality concentrated on supporting the suburban counties to develop commodity production, readjust the production structure, develop key and developmental production and service trades, and set up foodstuffs production bases; and focused on supporting the town and township enterprises and the rural specialized households to develop the commodities in short supply. All this has created conditions for developing the rural commodity economy, rapidly changing the rural appearance, providing the capital with abundant foodstuffs, and further making markets brisk.

7) Administrative expenditure was reduced by a big margin and the institutional purchasing power was strictly brought under control. The municipal government took effective measures for vigorously reducing the institutional purchasing power and the allowances for purchasing facilities,

holding conferences, and making business trips. With the concerted efforts of all departments, districts, and counties, many difficulties were eliminated. Under the circumstances in which the number of organizations and staff members increased and the wages were readjusted, the administrative expenditure showed a drop of 15.9 percent from 1984 and the municipality fulfilled the task of reducing 20 percent of the total institutional purchasing power and the task of reducing the purchases of the specially-controlled commodities by 50 percent. The administrative expenditure and the institutional purchasing power were controlled within the target assigned by the central authorities.

8) The financial and economic discipline was consolidated through the general investigation on tax revenue and financial affairs. According to the demands of the State Council, last September, the municipality established organizations specially in charge of the investigation work and more than 110,000 people throughout the municipality engaged themselves in the work. As of the end of 1985, the municipal-level units handed over 290 million yuan of overdue revenue. Of this, most units actively handed over the overdue revenue to the municipality through self-investigation. At the same time, a few units were found to have violated the financial and economic discipline. The general investigation helped increase the revenue as well as played an initiative role in handling a few problems in violation of the discipline, promoting a turn for the better in party style and social conduct, straightening out and ending the unhealthy practices, and helping the cadres and the people enhance their understanding of the legal system, policies, and the whole situation.

9) New progress was made in the reform of the financial department. Fellow deputies, the situation of implementing the 1985 financial budget was good. However, there were many problems which deserved our attention. First, the investment in the scale of the capital construction was still on the high side and the idea of paying attention to new construction projects and looking down upon transformation projects still existed. Second, although we had made gratifying achievements in turning the situation in which the economic results of the enterprises were not high, we still lagged behind in this regard. The enterprises have great potentials for increasing their economic results. Third, we were lax in financial management and financial and economic discipline. Some units still had serious cases of having "loopholes," suffering losses and waste, and violating financial and economic discipline. Thus, we should study and work out feasible measures for solving these problems in a step-by-step manner.

2. Draft 1986 Budget

The 1986 budget has been drafted on the basis of the general tasks defined in the Seventh 5-Year Plan and the various targets set forth in the 1986 plan for national economic and social development. In making arrangements for the revenue, we have adhered to the principle of being optimistic but not over-ambitious, and have maintained a stable growth rate on the basis of developed production and improved economic results. In making

arrangements for the expenditure, we have adhered to the principles of doing our best within our capacity, and of ensuring key areas while taking general work into account, and, in the meantime, have brought the capital construction scale into strict control, continued to cut down administrative spendings, and strictly controlled institutional purchases.

The 1986 budget revenue is 5,900 million yuan, an increase of 8 percent over the previous year in terms of comparable standards. The growth rate is basically the same as that of production. The specific breakdown is as follows: industrial and commercial tax receipts total 4.71 billion yuan, receipts from industry 1,398 million yuan, receipts from commerce 130 million yuan, subsidies for losses of grain enterprises due to implementation of policies 320 million yuan, and income from other sources 72.6 million yuan.

The 1986 budget expenditure is 4,304 million yuan, a 7.6-percent increase over the previous year in terms of comparable standards. The specific breakdown is as follows: appropriations for capital construction total 918 million yuan, funds to tap the potential of enterprises, and finance their technical transformation 50 million yuan, aid to rural production and other operating expenses for agriculture 143.72 million yuan, funds for urban maintenance 176 million yuan (if surcharges from public utilities is included, the total is 223 million yuan), operating expenses for culture, education, science, and public health services 773.38 million yuan, administrative expenses 200 million yuan, subsidies for nonstaple foods of urban residents 600 million yuan, other price subsidies 626.9 million yuan, funds for three scientific and technological purposes, pensions for the disabled or for the family of the deceased, social relief funds, and others 716.7 million yuan, and reserve funds 100 million yuan.

According to the above-mentioned arrangements for the revenue and expenditure, our municipality will have a balance between the revenue and expenditure if the portion to be turned over to the central authorities in line with the stipulations of the financial system is excluded.

The explanations on the 1986 budget revenue and expenditure are listed as follows:

1) Price subsidies are listed as an item of expenditure instead of being deducted from the revenue, thus the scale of revenue and expenditure is expanded correspondingly. Price subsidies that cover such items as grain, cotton, edible oil, and other farm and sideline products, marketable coal and leather products made from pigskin, and deficits from vegetable sales are provided by the revenue out of policy considerations. In the past, we used to deduct these subsidies from the revenue. Such a method could neither truly reflect the actual scale of revenue and expenditure, and the policy on fund distribution, nor reflect the state's efforts to improve the people's living standards and promote industrial and agricultural production. For this reason, the state decided that from 1986, these subsidies would be listed as an item of expenditure instead of deducting it from the revenue. Listing price subsidies openly, which is an important

reform of the budget administrative system, is conducive to strengthening financial management and supervision. Now that the price subsidies are no longer deducted from the revenue but listed as an item of expenditure, the 1986 draft budget will show an increase of 490.9 million yuan in both the revenue and the expenditure, thus correspondingly expanding the scale of 1986 revenue and expenditure. When calculating the 1986 budget revenue, we have taken into account some policy measures. These include reducing regulatory taxes for large and medium-sized enterprises, raising the depreciation rates for fixed assets of enterprises, raising the interest rate of banks, raising railway transportation fees, increasing the fees for operating grain and oil allocation and distribution among provinces, and other factors for reducing income.

2) We should accelerate the construction of the urban basic facilities and suit the needs of modernizing the capital. For 1986, appropriations for capital construction covered by the budget are 165 million yuan less than the previous year. This has been decided in line with the state-assigned scale of capital construction and with the principles of giving consideration to our financial strength, taking all factors into consideration, and giving prominence to key construction projects. We should continue to readjust the investment structure, pay attention to increasing investments in water supply, gas supply, heat supply, and road projects, and give top priority to the construction of the urban basic facilities. At the same time, we should speed up the construction of residences, hospitals, schools, and commercial networks.

3) We should increase investment in intellectual resources, and accelerate the development of the cultural, educational, scientific, and public health undertakings. For 1986, the appropriations for the cultural, educational, scientific, and public health undertakings are budgeted at 773.38 million yuan, a 13-percent increase over the previous year. Of this sum, appropriations for educational undertakings are budgeted at 438.78 million yuan, a 13.4-percent increase over the previous year and higher than the increase in revenues which is 8 percent. The budgeted appropriations for educational undertakings conform with the guidelines of the national and municipal educational conferences. The increased portion of expenditures will be spent mainly on the popularization of the 9-year compulsory education and on strengthening vocational, technical, and adult education. To solve the shortage of the teaching and administration allocations to primary and middle schools, the standard for the teaching and administrative allocations has been raised by 100 percent beginning from this year. At the same time, we have provided funds for awarding excellent teachers. We have made great efforts for arranging the 1986 educational allocations. However, owing to the large amount of bills due, poor conditions, and the relatively poor conditions for running primary and middle schools, we will try our best to increase again educational allocations, if financial strength is allowed, in the course of implementing the budget along with the development of production and the increase in revenues.

4) We should increase the allocations for supporting agriculture, and accelerate the readjustment of the rural industrial structure. In the 1986 budget, allocations for supporting agriculture and for agricultural undertakings increase by 17.1 percent over the previous year. To increase the funds for supporting agricultural production, the state has decided to return a part of the increased portion of the income tax and industrial and commercial taxes collected from town and township enterprises to the township governments to support the development of agricultural production beginning from this year. These funds amount to about 10 million yuan annually. A part of the after-tax profits of town and township enterprises should also be invested in agriculture in line with the principles of "supporting agriculture with industry," and "supplementing agriculture with industry." To help poverty-stricken areas gradually change their backwardness, we have released 5 million yuan from the agriculture supporting funds and allocated this to 37 poverty-stricken townships to help them strengthen self-reliance and production development abilities in order to eliminate poverty and to become prosperous as early as possible.

5) We should ensure the supply of funds for wage and price reforms. In 1986, we have provided 123 million yuan for the wage reform of administration and institutional units. This money will be mainly used to make up for the "increased expenses" in the wage reform last year and the wage increase of administrative and institutional units, and to solve some conspicuous problems. This portion of funds has already been incorporated into the expenditure items of various pertinent departments. In 1986, we have provided 6 million yuan for foodstuff subsidies to the urban residents. Expenses in other price subsidies are budgeted at 626.9 million yuan.

Fellow deputies, generally speaking, the 1986 budget for revenues is positive, and that for expenditures is relatively tight. We believe that through the concerted efforts of various departments, we will be able to fulfill the fiscal budget for this year.

3. Strive To Fulfill the 1986 Budget

In order to successfully fulfill the 1986 budget, and carry out economic and financial work for the first year of the Seventh 5-Year Plan period, we should mobilize the masses of cadres, and staff members and workers throughout the municipality, overcome difficulties, enhance our confidence, and exert concerted efforts to do a good job in the following:

1) We should persistently give top priority to reform, and stimulate the development in the economy and other undertakings of the capital. We should carry out reforms in the economy, the financial system, and financial affairs with a prudent and positive approach in line with the State Council's requirement for "consolidation, assimilation, supplementation, and improvement." This year, we plan to further reduce the regulatory taxes for large and medium-sized enterprises, and continue to raise the depreciation rates for fixed assets of some enterprises in order to enhance their capacity for transformation and development. In the meantime, we should

enforce the system of responsibility for certain targets to arouse the initiative of enterprises and their staff members and workers. We should further relax the preferential policies toward small commercial enterprises, and study and formulate measures for subsidizing loss-making commodities. On the premise of stabilizing markets, boosting enterprise enthusiasm, improving operation and management, and reducing the burden on the state, the method of controlling the total volume, or the system of fixed quotas for the deficit of every commodity should be adopted. The method of signing contracts to fix the amount of wages for every 100 yuan's worth of finished work adopted by state building and construction enterprises should be further improved. State farming, animal husbandry, and aquacultural enterprises should continue the method of "fixing financial quotas and holding the responsibility for their own profits and losses." We should improve the district and county "fixed financial quotas" system. Effective this year, all the 19 districts and counties should institute the financial management system of "appraising and deciding on the revenue and expenditure according to tax categories, and defining the quotas of every level," and the quotas should remain unchanged for 5 years. Township financial departments should be established extensively. The areas of responsibility of administrative units and establishments should be further expanded, and some of them should be selected to experiment with the fixed-quota budget management system. Meanwhile, we should lend active support to the reform of the economic, educational, and scientific and technological systems, and to the lateral economic cooperation of enterprises among different provinces, regions, departments, and trades. In order to conform to the needs in developing the socialist commodity economy, departments concerned should play their role as a lever to regulate the economy, gradually change their mainly direct control over enterprises into mainly indirect control, and establish a new socialist macroeconomic management system.

2) We should pay close attention to increasing production and cutting expenses, strive to improve economic results, actively open up financial sources, and ensure a stable growth in revenue. In 1986, we should maintain a proper growth rate in industrial production, and strive to realize the target of "ensuring a 6-percent increase." This is the prerequisite for fulfilling the 1986 revenue plan. At the same time, great importance should be attached to improving economic results in production, construction, and circulation spheres. We should perfect the economic responsibility system within enterprises, strictly enforce various rules and regulations, strengthen economic accounting, strive to reduce cost and fees, accelerate the turnover of funds, shorten construction cycles, economize on manpower, material, and financial consumption, and achieve the best economic results with the least possible consumption. Industrial departments should be oriented to the needs of markets, serve and submit themselves to consumption, and increase the production of readily marketable and highly competitive products. Commercial and service departments should give full play to the leading role of state enterprises, and develop their advantage in making the market and circulation flourish. They should strengthen operation and management, increase the varieties of their commodities, expand the scope of their services, and improve their service quality. We should conscientiously pay attention to stopping deficits and increasing profits. Feasible

measures should be adopted to help the units which suffer deficits for a long period of time due to poor management to stop deficits within a definite time. We should consolidate township enterprises group after group at different times, and raise their technical and managerial levels.

3) We should uphold the principle of acting according to our ability and doing our best in bringing spending under strict control or saving expenditures. On the premise of ensuring fund supply for the construction of key projects and the development of various undertakings, efforts should be made to bring the financial spending scope under strict control within the budget. We should spend less money in doing more work and good jobs in order to enable limited funds to yield greater results. In 1986, we should continuously control the scope of investment in fixed assets and do things strictly according to the procedure of capital construction. Efforts should be made to continuously curtail the administrative fund. Administrative units should carry forward the fine tradition of waging arduous struggles, working hard, and practicing economy; oppose extravagance and waste; and must bring their spending under control within the target fixed for urban areas. By no means should they surpass the target. Efforts should be made to continuously control social institutional purchasing power and to strictly examine and approve purchase applications, particularly examining and approving the purchase of commodities under special control. We should enhance control over foreign exchange currency spent by persons going abroad at a last moment in order to save on foreign expenses. Efforts should be made to enhance management over funds outside the budget and to consolidate "small money lockers." In 1986, there will be a great deal of work to be done by the municipality in various fields as well as a very prominent contradiction between need and possibility because of limited financial strength. Therefore, departments, units, districts, and counties should make overall arrangements by proceeding from the entire situation and differentiating between the important and the less important and between the urgent and the less urgent, and should make efforts to upgrade the effect of fund utilization and to resolutely prevent the excess arrangement of financial strength or the practice of "eating next year's food."

4) We should enhance financial supervision and strictly enforce financial and economic discipline in order to prevent or correct malpractices. In line with the spirit of the decision made by the State Council, efforts should be made to regard the work of conducting general inspections over tax revenues and financial affairs as an important task in the drive to conduct reforms, and, while enhancing regular supervisory work, to realistically correct the malpractices in the economic field each year by selecting a proper opportunity and concentrating all manpower. The financial affairs, tax affairs, and audit departments should make concerted efforts with other departments in upholding the principle of doing things in line with the law, strictly enforcing the law, and of investigating those who have violated the law in order to achieve an effect in safeguarding the financial and economic discipline.

5) We should enhance the building of ranks of personnel in charge of financial and tax revenues and upgrade the quality of cadres and the standard of management. Efforts should be made to adopt various ways and means to train cadres and to delve into reality to carry out investigation and study in order to grasp the new situation and study new problems. We should further straighten out the guiding ideology of professional work; stress reasonable ways of making, saving, and using money; and should make efforts to develop production, promote circulation, support the drive to conduct reforms, increase results, and foster and expand financial sources. Cadres in financial and tax offices should set examples in being honest in performing their official duties, strictly abiding by the discipline, and resolutely combating or correcting malpractices.

Fellow deputies, the implementation of the budget in the first 4 months this year was normal. Under the encouragement of the spirit of the Fourth Session of the Sixth NPC and along with the gradual improvement of various measures for conducting reforms in economic systems, the national economy will achieve more stable and harmonious development this year. Under the leadership of the municipal CPC Committee, we should mobilize the people throughout the municipality to unite as one and to pool their wisdom and strength in order to strive to fulfill the municipal 1986 fiscal budget.

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CSO: 4006/1113

FINANCE AND BANKING

BRIEFS

POST OFFICES BANKING SERVICE--Guangzhou, 17 June (XINHUA)--Guangdong province in South China will offer bank services at 100 post offices this year to facilitate savings and collect funds for economic development. The province's Post and Telecommunication Administrative Bureau and the Guangdong branch of the People's Bank of China have agreed to start the business in Shenzhen, Zhuhai, Shantou and Foshan cities this month after a four month trial with five post offices in Guangzhou. As of 10 June, the total savings deposited at the five post offices in Guangzhou reached 1.73 million yuan. A local official said the banking procedures and interest rates are the same in the post offices as at the banks. According to Liu Hongru, vice-governor of the People's Bank of China, Chinese banks will do more this year to encourage bank savings. Speaking to XINHUA in April, Liu said interest rates were raised twice last year and banking services were improved. As a result, bank savings deposits rose to 162.3 billion yuan, four times the 1980 figure. [Text] [Beijing XINHUA in English 0142 GMT 18 Jun 86 OW] /12913

THIRD WORLD INSURANCE TALKS--Beijing, 11 June (XINHUA)--The fifth general meeting of the Thrid World Insurance Congress and the third meeting of the Association of Insurance Supervisory Authorities of developing countries will be held simultaneously between 23 and 27 June in Beijing. More than 300 representatives from 51 countries and regions will attend the two meetings, Lin Zhenfeng, a spokesman for the People's Insurance Company of China, told a press conference today. The theme of the meeting will be "Insurance Management in a Period of Crisis." Participants will discuss life insurance, crop insurance, reinsurance, and finance in relation to insurance, Lin said. The previous sessions of the Third World Insurance Congress were held in the Philippines, Argentina, Kenya and Morocco. The past sessions of the Association of Insurance Supervisory Authorities were held in the Philippines and Morocco. According to regulations, the two meetings are held simultaneously every two years at the same place. [Text] [Beijing XINHUA in English 0718 GMT 11 Jun 86 OW] /12913

CSO: 4020/354

INDUSTRY

AUTO INDUSTRY'S 'REMARKABLE' SUCCESS DURING SIXTH 5-YEAR PLAN

Beijing ZHONGGUO JIXIE BAO in Chinese 1 Nov 85 p 1

[Reported by Guo Peng [6753 7720] and Zhang Zhongwen [1728 1813 2429]: "The Auto Industry's Success During the Sixth 5-Year Plan is Outstanding; The Outlook for the Future is That of a Long Road of Heavy Responsibilities"]

[Text] The automobile industry which is a important industry, significant for the national economy and the people's livelihood, developed rapidly during the period of the Sixth 5-Year Plan. Product value and production quantity of automobiles increased at the average rate of 15 and 12.7 percent, respectively. The original plan for the updating and upgrading of production and for the technological development was 72 percent fulfilled. There has been a distinct improvement in the quality and in particular the reliability of the products.

In the past 5 years, the China Automotive Industry Corporation focused its work particularly on reforms concerning the quality of its products, the technological level of operations, and on the specialization of certain automobile plants, to everyone's great satisfaction.

Reliability of Chinese-built cars was strengthened. Comparing 1985 with 1982, the average mileage between incidents of car trouble of the nine main car models was extended by 73 percent; quality control was comprehensively instituted; during the Sixth 5-Year Plan, the China Automotive Industry Corporation established eight car inspection agencies at the site of the major automobile factories, and strict control of the quality of manufactured cars was further stepped up. The work of standardization proceeded smoothly. International and ministry standards account for 75 percent of all the presently applied standards. The standards drawn up by the China Automotive Industry Corporation with reference to international standards regarding 30 items for components and parts, and standards for the quality of complete passenger cars and trucks, cover the field to 90 percent.

The main measures adopted during the Sixth 5-Year Plan for further progress in car manufacturing technology were imports. The China Automotive Industry Corporation alone signed 70 contracts for the importation of technologies. Through the importation and development of technologies, the industry has come out with a completely new second generation of car models, such as the Jiefang

141, Huanghe 162, the "Hongyan" brand 18-ton heavy car, the Yanan-brand S 161 13-ton semiheavy car, the Yaojin 131, and the Yaojin 136; the "Shanghai--Santana" and the "BJ/XJ 213" of Beijing, which are both being manufactured through Chinese-foreign joint production, and are also continuously appearing on the roads. The production of vehicles for special uses has also been developed from the tens of models before the Sixth 5-Year Plan to the more than 300 models at present.

During the Sixth 5-Year Plan, the China Automotive Industry Corporation conducted 122 scientific studies of which 94 will be completed by the end of this year. This accounts for 77 percent of the total research topics. Among these studies, the "Study on Reducing Pollution and Improving Oil Consumption in the Jiefang-Brand Cars" was awarded second prize for scientific progress issued by the state.

During the Sixth 5-Year Plan, the automotive industry achieved clear successes, but there is still a great disparity with the advanced international level. The reliability of the automobiles is not yet ideal, progress in the reform toward specialization is still too slow, and the divisiveness between the different departments in the administrative system has an adverse effect on a speedier development of the automotive industry. All these problems are left to the Seventh 5-Year Plan period for intensive efforts and solutions.

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CSO: 4006/505

INDUSTRY

TECHNOLOGICAL REFORM IN MACHINE INDUSTRY

Beijing ZHONGGUO JIXIE BAO in Chinese 1 Nov 85 p 1

[Reported by Ji Jing [1323 2529] and Ge Yunchi [5514 6663 3069]: "Great Progress in Technological Reform of Machine Industry; Almost 60 Percent of 550 Items of the Country's First Lot of Key Technological Reforms Completed and in Production at the End of This Year"]

[Excerpts] In the last 3 years, China has made great progress in the technological reform of its machine and electronics industries; 550 items of the country's first lot of key technological reforms will be completed and put into production by the end of this year; all items are expected to be basically completed in 1986.

The large-scale technological reform of the machine and electronics industries will cause key enterprises to radiate with youthful vigor and will lay a solid material foundation for the improvement of quality, the diversification of products, the raising of standards, and for higher economic results.

The Ministry of Machine-Building Industry has developed more than 4,000 new products by effecting technological reforms regarding 324 key items and raised the ratio of products that are at the level of international standards of the 1970's and early 1980's from 10 to 26 percent.

Through technological reform, the number of machine tool items was increased from 1,000 to 1,500 items; they comprise the development and production of 30 types of high-precision machine tools and 45 types of numerical controlled machine tools, of which many are of the advanced level of similar types of machines by international standards. A series of large and important items of technical equipment, such as 12 cubic meter electric shovels, large-scale gear drills, etc. have gained a place in Chinese production. Machines for the continuous casting of small square slabs, large hot-mold presses, etc., have already attained the level of similar machinery manufactured in China. Continuous rolling machines for 140 mm diameter tubes, large cold rolling, medium and thick slabbing, rolling of thin slabs, etc. through technological advances, reforms, and joint production the production level have come close to international standards. The capacity for the production of power generating equipment is increasing at an annual rate of 20 percent. It is already possible to manufacture 250,000 kw generating units in large

quantities and small lots of 300,000 kw generating units, with imported technology is now being evaluated to manufacture on trial a 600,000 kw generating unit.

Through technological reforms, much progress has also been made in such products as basic machine components and energy-saving machinery. Among hydraulic presses, pneumatic and hydraulic tools and components as well as gaskets and gages for machinery, there are 47 types of products met the levels of that of the 1970's and early 1980's through 24 items of technological imports and reforms. They make up about 20 percent of the total production. In the last 3 years, 770 types of new energy-saving products were developed, which raised the economic benefits for society. Taking 1984 as example, producing and operating Y-series generators of over 3.6 million kw capacity, can save almost 25 million kwh of electricity annually. The production of energy-saving transformers of over 11 million kilovolt-amperes accounted for 25 percent of the production of that year; their installation can save 170 million kilovolt-amperes every year.

Through the technological reform of 24 key items, the Shipbuilding Corporation raised the level of Chinese-made components in the complete ships for export to 60 percent, and furthermore acquired the capability of building 60,000-ton class freighters and oil tankers of over 100,000 tons.

Through technological reforms, the proportion of Chinese-made components in complete ships for export was raised from 30 to 60 percent; the components of ships main engines were increased to 60 percent and in auxiliary engines to 65 percent. The Chinese shipbuilding industry can now build ships of the 60,000-ton class with complex technological features, and is now about to build a super-oil tanker of over 100,000 tons. Great progress has also been made in the manufacture of offshore oil drilling installations; three self-raising drilling platforms have already been built; all have been approved by the international ship classification society. Other large-scale key installations that have been successfully developed were a 6,000 m offshore drill, a 70-ton-meter pile driver, and a 10-ton platform crane.

Through 18 key items of technological reforms, the Automobile Industry Corporation was able to produce new models of motorcars with an average of 15 percent less petroleum consumption per ton-100 km and an extended lifetime of use.

Through the reform in such key factories as the No 1 Automobile Plant and the motorcar factories at Nanjing, Jinan and Beijing, car models have been updated and upgraded and production capacity expanded. Through reforms in factories manufacturing such important parts as carburetors, piston rings, gear boxes, motorcar electric generators, air valves, and springs, savings could be achieved in raw materials and oil consumption, and the lifetime of the engines could be prolonged.

The reform by way of specialization of industries, specially focused on the cities, had the cumulative effect of saving 210 million kw of electricity, 380,000 tons of standard coal, and 30 million tons of water.

According to statistics covering 41 cities, large savings in electricity, coal and water were achieved by adjustments and reorganizations in the four large fields of industry, namely in foundry operations, forging, heat treatment, and electric welding, and by the elimination, up to the end of this year, of about 7,000 factories and stations which operated with high levels of consumption, which caused serious pollution, and which showed poor economic results. Furthermore, reforms were carried out regarding 226 specialized cooperative factories and stations, thereby raising technological levels.

Apart from all the above stated facts, key technological reforms were also carried out regarding mechanized enterprises of the light industry, textile industry, and construction industry and regarding 58 research institutes. These reforms greatly raised the technological level of these sectors, and a number of the research institutes will become bases for research, development, and testing for the various industries.

9808

CSO: 4006/505

SMALL-SCALE ENTERPRISES

HUNAN LEADER DISCUSSES TOWNSHIP ENTERPRISE ISSUES

HK180245 Chengsha Hunan Provincial Service in Mandarin 2200 GMT 17 Jun 86

[Excerpts] Vice Governor Cao Wenju said when inspecting some suburban Changsha township enterprises on 17 June that it is imperative to grasp the work of these enterprises in order to achieve steady and coordinated development of the rural economy. The improper practices of certain township enterprises can be criticized, but the most important thing is to provide enthusiastic assistance for them. We must be promoters in developing township enterprises.

The new management in these enterprises have become afraid of policy changes and of severe punishment, and want to close down their operations. On hearing of this, Cao Wenju gave the following views:

1. The state's policy measures for credit balances and for the economy are essential for strengthening macroeconomic control and ensuring coordinated development of the national economy. People should not take a one-sided view of these measures.
2. The fundamental reason for certain opinions in society and the mental misgivings of some people in the township enterprises is that there is a failure to draw clear policy demarcation lines. It is essential to study the policies. Township enterprises rely on regulation by market mechanism for most of their raw materials. A proper amount of spending on the business activities that this involves is essential.
3. Enterprises with high profits must not distribute and spend them all. They must pay attention to retaining development funds and depend on their own accumulation to strengthen themselves. It is wrong just to stress high wages and ignore accumulation.
4. Pay attention to exploiting resources and strengthen lateral economic ties.

He expressed the hope that, in common with the whole province, the city outskirts would liberate still more peasants from the land and organize secondary and tertiary industries in a big way, so as to promote still more vigorous development of the township enterprises.

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CSO: 4006/1116

FOREIGN TRADE AND INVESTMENT

BREIFIS

XIZANG FAIR--Lhasa, 5 June (XINHUA)--Tibet's first regional fair for trade with Nepal shows a business volume of more than 11 million yuan, said officials of the autonomous region here today. The fair, which ran from 24 May to 3 June, displayed nearly 10,000 varieties of goods, including local products of Tibet and articles of daily use, food products, and fruits provided by businesses in Nepal. Half of the Tibet products were varieties of wool. [Text] [Beijing XINHUA in English 0636 GMT 5 Jun 86 OW] /12913

NEW ZEALAND WOOL VENTURE--Wellington, 6 June (XINHUA)--A joint China-New Zealand wool scour venture was inaugurated this afternoon at Washdyke, near Timaru City in the south island of New Zealand. This wool scour corporation represented the first major foreign investment of the Chinese textile industry. The agreement concerned was signed last November in Wellington. The Association of New Zealand Cooperative Wool Market contributed 50 percent to the two million NZ dollar (around US\$1.15 million) project. The other three equity partners in the venture are China Textile Resources Corporation, Beijing Textile Industry Corporation and China International Trust and Investment Corporation. [Text] [Beijing XINHUA in English 1344 GMT 6 Jun 86 OW] /12913

PRC-SWEDEN TRADE COMMISSION--Stockholm, 17 June (XINHUA)--The eighth session of the Chinese-Swedish Mixed Commission for Trade concluded today, with both sides satisfied by the prospect of increased bilateral trade. After reviewing the foreign trade and economic and technical cooperation between China and Sweden, the session recognized there is a great market potential, and called for positive measures to promote it. Last year's total volume of foreign trade between China and Sweden hit a record US\$220 million. Mu Chongkal, deputy chief of the third section of the Chinese Ministry of Foreign Economic Relations and Trade, and his delegation arrived in Sweden 11 June and will leave 18 June. [Text] [Beijing XINHUA in English 0540 GMT 18 Jun 86 OW] /12913

DIRECT TRADE WITH MIDEAST--Urumqi, 5 June (XINHUA)--The Xinjiang Uygur autonomous region has received formal approval from the Ministry of Foreign Economic Relations and Trade to set up an import and export corporation to conduct direct trade with the Middle East and Gulf states. According to the region's Foreign Trade Bureau, the corporation will be responsible for exporting products from the southern part of the region and importing goods in demand without having to get the approval of the Central Government. The

southern part of the region includes Hotan and Kashgar prefectures, and the Kizilsu Kirgiz autonomous prefecture, which produce cotton, fruits, jade, animal by-products, and arts and crafts. This part of the region borders on the Soviet Union, Pakistan, Afghanistan, and India. The crossing at Kunjirap on the Sino-Pakistan border was opened to third-country nationals 1 May and Tuerdat, on the Sino-Soviet border, resumed border trade with the Soviet Union in 1983. The Hotan Airport, which can accomodate large planes, has also been listed as one of the ports for entry and exit. [Text] [Beijing XINHUA in English 0136 GMT 5 Jun 86 OW] /12913

CSO: 4020/356

SPECIAL ECONOMIC ZONES

BRIEFS

SHENZHEN BICYCLE EXPORT CENTER--Shenzhen, 17 June (XINHUA)--Shenzhen special economic zone in Guangdong province is being developed into a major center for the assembly and export of bicycles, a local official said today. The Shenzhen Zhonghua (China) bicycle company--a joint venture run by the zone and a Hong Kong firm--plans to export 200,000 bicycles this year. Bicycle parts will be provided by 21 enterprises in Guangdong, Jiangsu and Zhejiang provinces, the official said. China makes about a third of the world's bicycles, but its bicycle exports account for only 6 percent of the total.
[Text] [Beijing XINHUA in English 1358 GMT 17 Jun 86 OW] /12913

CSO: 4020/356

LABOR AND WAGES

DELEGATE ADDRESSES INTERNATIONAL LABOR CONFERENCE

OW101926 Beijing XINHUA in English 1442 GMT 10 Jun 86

[Text] Geneva, 10 June (XINHUA)--China's chief delegate to the International Labor Conference (ILC) holds that the fight against unemployment and poverty is a formidable task of global scale and deserves arduous efforts.

Li Yunchan, head of the Chinese Federation of Labor Unions and also a vice-minister in charge of labour, said in a speech today at the 72nd International Labor Conference that Third World countries are confronted with unemployment and poverty brought on by the worldwide economic recession, the irrational international economic order, slow economic growth and increasing foreign debts. The key to eliminating unemployment and poverty lies in promoting production and stimulating economic growth, making it essential to adopt strategies and policies to spur development, he said.

Changes in the present international economic order and promoting international cooperation, Li said, are also vital for economies to develop and to overcome unemployment and poverty in Third World countries. He urged world governments to push North-South dialogue and to strive for a new and fair international economic order.

"At present, the most urgent task is to settle, in a proper and rational way, the issues of the debt crisis and trade protectionism which seriously hamper the development of the Third World," he said.

Li said in China's economic development "there has emerged a new situation of sustained, steady and balanced development in China's national economy. This in turn has created favorable conditions for the expansion of employment and raising living standards."

From 1981-86, China has provided jobs for 35 million people, of which 50 percent have been absorbed through development of the collective and individual sectors of the economy, Li said.

The per capita income of China's peasants has increased an average of 13.7 percent annually in the past five years while urban workers' incomes have increased 6.9 percent, Li said.

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LABOR AND WAGES

COALMINERS OBTAIN IMPROVED LIVING CONDITIONS

OW110629 Beijing XINHUA in English 0604 GMT 11 Jun 86

[Former "Coal Blacks" Join the Jet Set--XINHUA headline]

[Text] Taiyuan, 11 June (XINHUA)--Model coal miner Wang Yueshan was thrilled when he was included in a holiday tour of Poland last year.

Wang, 29, who works in the Datong coalfield in North China's Shanxi province, said: "I never dreamt that I, an ordinary miner, would get the opportunity to have a holiday abroad."

He was chosen as a member of a miners' tour group--the first sent by China--for a one-month trip to Poland. It was organized by the All-China Federation of Trade Unions.

Zhang De, a Datong union official, said: "This is one example of how miners, who were once looked down upon and regarded as being dirty and 'coal black', are now well cared for by the government and enjoy social respect and decent welfare."

Chinese miners enjoy an annual paid holiday of between one and three months depending on their production quotas, length of service and health.

Every year, 2,000 miners from the Datong coalfield are offered a holiday at miners' rest homes in popular tourist spots in different parts of China. They pay only a third of the cost of their meals during these holidays. Other expenses are paid for by the administration, which spends more than a million yuan a year on the trips.

The coalfield's 13 mines, which employ 130,000 people, also run convalescent homes. Miners receive a subsidy from the administration to stay at them.

Apart from this, the administration runs subsidized canteens, hostels, nurseries, hospitals, schools and cultural and sports facilities.

Zhang said most single workers lived in spacious and comfortable hostels. Each paid only one yuan per month. The average wage of miners and other employees of the administration was more than 130 yuan a month.

Canteens serve 24 hours a day and offer many dishes. Laogou mine's canteen offers its miners a choice of more than 20 dishes. Food is cheap, and underground workers are given a free meal during their shifts.

Zhang said miners enjoyed free medical care, and had annual health check-ups. Full wages were paid to miners during their first six months of sick leave, and they received between 60 and 100 percent of full pay according to length of service after half a year.

If a miner died on duty or through industrial injury, his family received 50 percent of his pay until his children were 18 years old. If the miner had no children, his widow was taken care of by the administration for the rest of her life.

A miner becoming disabled through industrial injury received 90 percent of pay and nursing fees, and was provided with nursing staff and offered a wheelchair if necessary.

When a miner retired, he received a pension of 75 percent of his wages plus retirement subsidies.

The Datong coal mine has an old folks' home to care for childless miners and their wives.

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LABOR AND WAGES

BRIEFS

MORE MANPOWER IN INDUSTRY--Beijing, 26 April (XINHUA)--Surplus manpower is shifting from farming into industry and service trades in the Chinese countryside, according to today's ECONOMIC DAILY. Quoting the State Statistic Bureau, the paper said rural manpower increased by 16.4 percent to reach 370,650,000 people in the Sixth 5-Year Plan that just ended. Manpower increases for farming, industry and service trades were 6.9 percent, 73.7 percent and 135 percent, respectively. The proportion of people engaged in farming decreased from 89.2 percent in 1980 to 81.9 percent in 1985; while that in industry went up from 7 percent to 10.4 percent, and service trades, from 3.8 percent to 7.7 percent. But the proportion in the coastal regions was much higher than in the western area of the country, the paper said. In 1985, the rural social output value was 619.59 billion yuan, up 87.3 percent from 1980 after price adjustments. It averaged 1,671 yuan for each able-bodied farmer. [Text] [Beijing XINHUA in English 0748 GMT 26 Apr 86 OW] /12913

CSO: 4020/354

POPULATION

BRIEFS

COMMITTEE ON AGING--The Jilin Provincial Committee on Aging was established in Changchun today. Gao Di, Wang Daren and other leading comrades attended the inaugural meeting to extend congratulations. The committee is a social organization organized by relevant departments of the provincial government, mass organizations, and scientific research organ. Its major tasks are to conduct investigations and studies on the major problems concerning aging, work out overall plans for solving them in a comprehensive manner, and organize forces to make coordination for inspecting them. Song Jiehan, member of the Central Discipline Inspection Commission, and Yang Zhantao, retired veteran cadre, serve as honorary chairmen of the committee. Eleven veteran comrades, including (Shi Lingqi), Cheng Shengsan, and Jin Minghan, serve as advisers. Gao Wen, chairman of the committee, spoke at the inaugural meeting. He called on the entire society to show concern for and attach importance to the issue of aging, which is a new undertaking; carry forward China's good tradition of respecting, loving, and supporting the elderly people; and continuously open up a new situation in the work concerning the issue of aging. [Text] [Changchun Jilin Provincial Service in Mandarin 0930 GMT 14 Jun 86 SK] /8918

CSO: 4006/1116

15 July 1986

TRANSPORTATION

BRIEFS

PRC TRANSPORT NETWORK--Beijing, 18 May (XINHUA)--Coordinated-traffic companies in 26 of China's provinces, municipalities, and autonomous regions are forming a nationwide network of through transport by land and water and air, according to today's overseas edition of PEOPLE'S DAILY. There are now in China more than 250 through-traffic companies or enterprises at and above the county level, and over 2,000 township coordinated-transport stations, says THE DAILY. Meanwhile, organizations in charge of the coordination between enterprises of production, supply, sales and transportation have been set up all over the country. Furthermore, more than 2,500 new freight truck routes extend to the remote and backward areas of the country to help scatter and distribute the goods transported by train or bus, the paper says. [Text] [Beijing XINHUA in English 0533 GMT 18 May 86 OW] /12913

LHASA-KATMANDU AIRLINKS--Katmandu, 23 May (XINHUA)--Representatives of the National Airlines of China and Nepal expressed the hope here today that the airlinks between Lhasa, capital of China's Tibetan autonomous region, and Katmandu would be established as early as possible. The views were reflected in the minutes of talks signed here this afternoon by Lu Guanghua, representative of Civil Aviation Administration of China (CAAC), and I.K. Pradhan, representative of Royal Nepal Airlines Corporation (RNAC). Both sides agreed that the airlinks would contribute to the promotion of tourism, trade and other exchanges between the two nations. The Chinese side indicated that certain limited number of non-scheduled chartered flights may be operated by both airlines on the temporary basis before conditions are ripe for regular services. The Nepalese side expressed appreciation and hoped that certain chartered flights would be operated at an early date. Both sides agreed to report the matter to their respective governments for consideration. The five-member CAAC expert team arrived here on 18 May and left for home today. [Text] [Beijing XINHUA in English 1520 GMT 23 May 86 OW] /12913

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CHINESE MEDIA ON FOREIGN ECONOMIC AFFAIRS

BRIEFS

YUGOSLAV PREMIER ON ECONOMIC POLICY--Belgrade, 13 June (XINHUA)--The government prefers economic measures to administrative ones in efforts to check the country's runaway inflation, new Yugoslav Premier Branko Mikulic said here today. At a gathering of journalists here, Mikulic, who took over as prime minister last month, gave a detailed account of the government's position on steps to deal with economic problems. Mikulic said the role of commodity production in the market is recognized both in capitalist and socialist countries. Thus, he added, the way to get the country out of economic difficulties is not to let the prices fluctuate freely or for the government to freeze prices and incomes, but to combine "economic incentives and compulsory measures." To bring down inflation, the premier explained, the new government will strive to stimulate commodity production and raise labor productivity by introducing proper policies. In addition, Mikulic said, in a related effort, widespread taxation and other compulsory measures should be taken to encourage productive employment and limit unproductive investment and excessive increases in consumption and individual income. In response to questions about the development of nuclear power stations, Mikulic said a prudent approach must be taken toward the issue. The government will conduct careful feasibility study while taking into consideration other energy sources, environmental protection and human health, he said. [Text] [Beijing XINHUA in English 0630 GMT 14 Jun 86 OW] /12913

CSO: 4020/356

HONG KONG

FIRST QUARTER IMPORTS FROM PRC UP 29 PERCENT

HK140604 Hong Kong SOUTH CHINA MORNING POST in English 14 Jun 86 Business Section p 1

[Text] Imports from China leapt 29 percent in the first four months of this year compared with the same period last year, underlining Hong Kong's increasingly important role as an outlet for goods produced in China.

According to the latest figures from the Census and Statistics Department, imports from China from January to April amounted to \$21.4 billion, an increase of \$4.8 billion over the year-ago period.

The most notable gains were in the categories of clothing, which jumped 50 percent, textiles, up 35 percent and miscellaneous manufactured goods such as toys, games and sporting goods, which leapt 49 percent.

Exports to China during the same period, however, continue to reflect the Chinese Government's persistent worries over shortage of foreign exchange.

Exports were worth \$4.4 billion, or 16 percent less than the year-ago period.

Shipments of office machines and data processing equipment, telecommunications and audio equipment, and electrical machinery and appliances plunged 93 percent, 44 percent, and 43 percent, respectively.

Textile exports, however, jumped 41 percent.

The value of re-exports to China declined 33 percent, from \$16.4 billion to \$11 billion.

The value of domestic exports to countries other than China and the U.S. reflected the favourable impact of the depreciation of the Hong Kong dollar against the yen and major European currencies.

Exports to West Germany in the first four months totalled \$2.8 billion, representing a 22 percent rise over the same period last year. Those to Japan rose nine percent to \$1.4 billion. Exports to Britain, Japan, Canada and France were also up. Exports to the U.S., Hong Kong's largest export market, rose six percent to \$17.1 billion.

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HONG KONG

CHINA DAILY CITES ECONOMIC INDICATORS REPORT ON ECONOMY

HK140210 Beijing CHINA DAILY in English 14 Jun 86 p 2

[Text] Hong Kong--A new period of rapid growth in China's external trade--to which Hong Kong will make important contributions--will follow the current cutback caused by low oil prices and excessive imports, Standard Chartered Bank's economists predicted in the latest issue of the HONG KONG ECONOMIC INDICATORS.

The report noted that the bulk of China's export go to industrialized countries, and, given the relatively rapid growth of these exports, China has been expanding its market share every year since 1978. "Exports have been increasing as a proportion of China's national income, from 5.6 percent in 1976 to 12 percent in 1985--although this has been due partly to the depreciation of the RMB yuan."

The report cited some improvement in the first quarter of this year compared with the first quarter of 1985. Exports rose 4.3 percent in U.S. dollar terms, while imports rose 3.6 percent. At the same time, car and TV imports, which soared to what were considered excessive levels in 1985, were successfully reduced by half.

Reductions in exports of crude oil and oil products were more than offset by strong growth in agricultural and textile exports stimulated by greater Western demand, the report said.

Summarising Hong Kong's role in 1985 China trade, the bank's economists said Hong Kong consumed some 13 percent of China's exports while supplying 5 percent of its imports and handling another 14 percent routed through Hong Kong.

"There may also be a significant amount of other China trade arranged with the help of, but not touching, the territory," the report added. "Hong Kong is a valuable supplier of mercantile and light industrial expertise and capital and has a bridging role to play in China's ever-growing imports of advanced technology and machinery."

The bank stated that the involvement of Hong Kong manufacturers in China plays both a direct and catalytic role in increasing the volume and competitiveness of China's exports, "but it seems that the full potential is still to be reached."

Obstacles noted by Hong Kong industrialists include "insufficient freedom in wage and hiring policies and complex and too rapidly changing investment regulations and policies."

Commenting on recent concern that Hong Kong might be affected adversely by a drop in exports to China represent about 12 percent of Hong Kong's total domestic exports, a 10 percent drop in the former would reduce the latter by about 1.2 percent, and would lower GDP growth by some 0.29 percent. Each 10 percent drop in re-exports to China would mean reductions of about 4.4 percent in total reexports and roughly 0.26 percent in GDP."

The report also said the objectives of China's Seventh Five-Year Plan--to complete reform of the economic system, to ensure steady economic growth by investing in key sectors and in technology and manpower, and to continue to improve living standards--"appear sound and reassuring."

The economic systems and living standards of China and Hong Kong will grow closer together with successful attainment of these objectives, and this "will clearly be beneficial to Hong Kong."

China's targets for 1986 to 1990--8.1 percent average growth for exports and 6.1 percent for imports--are moderate, said the bank, which suggests that a continuing trade deficit may be tolerated, as last year the trade gap (deficit as a proportion of imports) was 35.3 percent.

Priority will continue to be given to production for export, while new stress has been placed on import substitution, the report added.

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HONG KONG

INDUSTRIAL PRODUCTION REPORTED ON REBOUND

OW051445 Beijing XINHUA in English 1411 GMT 5 Jun 86

[Text] Hong Kong, June 5 (XINHUA)--Hong Kong's industrial production and sales have recovered strongly this year after a sluggish 1985, according to the latest edition of the magazine, HONG KONG MARKET, published on Wednesday.

Industrialists here are more optimistic about prospects than they were at the beginning of the year. They now believe Hong Kong's exports will increase by 10 percent this year, compared with an official forecast of 7.5 percent.

The magazine said orders for Hong Kong products--particularly in the textile industry--had been pouring in. Some garment factories were reported to have received orders for as far ahead as next spring.

Increases have also been reported in demand for Hong Kong's electrical products, toys and watches. At the European watch and jewelry fair held in Switzerland in April, Hong Kong watch manufacturers received record orders.

Market demand has boosted the enthusiasm of factories, which are now reported to be operating at 75 percent of capacity on average.

As a result, Hong Kong's exports in the first four months of this year amounted to 40.49 billion Hong Kong dollars (about 5.2 billion U.S. dollars), up 4.8 percent compared with the same period last year.

The magazine attributed the improvement of Hong Kong's industry to economic growth in the United States and West Europe, the fall in the U.S. dollar, to which the Hong Kong dollar is pegged, increased co-operation between Hong Kong and the Chinese mainland and a good supply of raw materials.

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HONG KONG

BRIEFS

INDUSTRIALIST ON ECONOMIC MEND--Hong Kong, June 6 (XINHUA)--Hong Kong's economy is now on the mend after hitting the trough towards the end of last year, a leading Hong Kong industrialist said here today. Lawrence Chu, president of the Chinese Manufacturers' Association of Hong Kong, said that improvement shown in the major export markets and the drop in oil price are stimulating the recovery of Hong Kong's economy. The value of Hong Kong's domestic exports in April this year registered an 18 percent increase over the same month in 1985, he said. Chu was addressing the opening ceremony of the seventh machinery and materials exhibition (Mex '86) today. He encouraged the manufacturers to review their resources and re-invest in new plant and equipment. Wong Po Yan, honorary president of the association, said at the ceremony that technological improvement was essential for Hong Kong to sustain its competitiveness in the world market. Much bigger in size than Mex '85, Mex '86 has attracted more than 100 exhibitors from Britain, the Chinese mainland, Denmark, Finland, France, the Federal Republic of Germany, Holland, Hong Kong, Italy, Japan, Sweden, and the United States as well as China's Taiwan Province. [Text] [Beijing XINHUA in English 1506 GMT 6 Jun 86 GW] /6662

NEW ZEALAND PREFERENCE SYSTEM STATUS--Hong Kong will cease to be a beneficiary of the New Zealand Generalised System of Preferences (GSP) on July 1, a spokesman for the Trade Department said yesterday. This decision came in the wake of New Zealand's new policy on GSP. Under this policy, developing countries with per capita GNP at or above 70 percent of New Zealand's will be graduated from the scheme. These items include certain fabrics, motors, watches, electronic parts and artificial flowers which complement New Zealand's own manufacturing base. [Text] [Hong Kong HONG KONG STANDARD in English 20 Jun 86 p 1 HK] /6662

FRG COMPANIES EXPAND BUSINESS--Hong Kong, May 24 (XINHUA)--The 10 percent increase in the combined volume of business concluded here by Federal German companies since 1983 indicates their "growing confidence" in the territory's future, Dr Alfred Kuhn, consul-general of Federal Germany, said today. There are about 250 Federal German companies active in Hong Kong, he said. In an interview with XINHUA, he expressed his confidence that Hong Kong would remain a most important international manufacturing, trading and banking center after the signing of the Sino-British joint declaration on Hong Kong's

future. Dr Kuhn said that Hong Kong's function as a busy gateway to Chinese mainland adds importance his country attaches to it. According to official statistics, in 1985 Federal German exports to China passing through Hong Kong amounted to 1,066 million Hong Kong dollars, and the mainland channeled exports worth 1,106 million through Hong Kong to Federal Germany. [Text]
[Beijing XINHUA in English 1124 GMT 24 May 86 OW] /6662

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